

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

MAY 1959

Bank Earnings

Outlook for a Safety-Plus-Growth Industry

(page 41)

Check Credit

Test Before You Leap

(page 44)

The Adventures of \$10,000

Since 1950

(page 36)



Secure because they know

Happy family scenes too often and too suddenly can change to grim tragedy. A lending institution can offer no finer service than to help secure a family's future with Federal's Mortgage Redemption Insurance.

**Federal has
a flexible plan
you can use...
profitably!**

Delay is costly and unnecessary. You should get full details of our Mortgage Redemption Plans now. The growing list of prominent financial institutions we serve from coast to coast is visible evidence, not only of today's progressive trend, but of the fact that our plans meet widely varied requirements, successfully.

We provide complete life insurance protection to pay the mortgage in full, either with or without acci-

dent and health coverage.

Suggestions made by lenders themselves have shaped the Plans we now offer. They are professionally engineered to simplify all service features for the participating institutions. Recommendation of a Plan for you is made after careful study of your operations and your wishes.

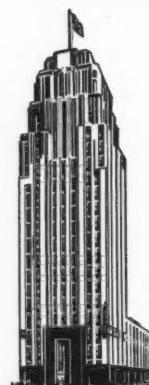
For a home lender, Mortgage Redemption Insurance lessens home mortgage risks at no cost to your institution. It removes the natural fears of a family undertaking what is normally its largest financial obligation. It is persuasive proof of friendly interest in your customer's welfare.

Federal also offers low-cost, individualized group employee welfare plans designed for your specific needs.

Trained service representatives coast to coast. Your inquiry is invited

FEDERAL
LIFE & CASUALTY COMPANY
WOLVERINE-FEDERAL TOWER, BATTLE CREEK, MICHIGAN

1953	1954	1955	1956	1957	1958
\$179,755,913	\$174,090,328	\$174,413,176	\$345,886,392	\$397,778,257	
\$64,365,252					



Over half a century of personal protection service

JOHN H. CARTON
President

WILLIAM P. QUINN
Director
Institutional Sales

CHRISTMAS CLUB a Corporation GOES EVERYWHERE TO FIND CUSTOMERS FOR YOU...



We haven't quite hit the moon—yet. But we *are* working hard in every state of the union to build business for financial institutions.

Christmas Club members come through your doors every week. Soon they feel right at home in your institution. When they need additional financial services, it's only natural that they should turn to you.

Christmas Club service provides one of your most promising avenues of business growth.

A staff member of Christmas Club a Corporation will be glad to tell you the complete story. There's no obligation, of course.

Christmas Club a Corporation

Founded by Herbert F. Rawlin

230 Park Ave., New York 17, N. Y.

Builds Character • Builds Savings • Builds Business for Financial Institutions



BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

COMPLETE — AUTHENTIC

CONTENTS, MAY 1959

Some material belongs in several different classifications but for your convenience is usually listed under one heading only

HERE AND ABROAD

THE OUTLOOK AND CONDITION OF BUSINESS	
<i>William R. Kuhns</i>	35
THE ADVENTURES OF \$10,000 SINCE 1950	36
WASHINGTON	37
THE DEMOCRATIC PROCESS BELONGS TO THOSE WHO USE IT	37
<i>William A. McDonnell</i>	43
RETIREMENT PLANS FOR THE SELF-EMPLOYED	
<i>Allen L. Mayerson</i>	50

OPERATIONS AND PERSONNEL

BANK EARNINGS—THE OUTLOOK FOR A SAFETY-PLUS-GROWTH INDUSTRY	41
“CHECK CREDIT—TEST BEFORE YOU LEAP	
<i>Richard L. Kraybill</i>	44
BETTER METHODS AND SYSTEMS	46
• LOOK, LISTEN, REMEMBER	46
ALPHA-DIGIT PROOF	49
FREIGHT PAYMENT PLANS	51
THE NEW DIMENSION IN CHECK HANDLING: SPEED	52
TAILORING BANKS' ANNUAL REPORTS FOR BOTH DEPOSITORS AND STOCKHOLDERS II	54
A CHECKLIST FOR FINANCING FREEZER FOOD PLANS	62
TOTAL LOANS OF CREDIT UNIONS COMPARED WITH CONSUMER LOANS OF INSURED COMMERCIAL BANKS (MAP)	62
FOR THE BUILDING SCRAPBOOK (PICTURES)	132

BUSINESS DEVELOPMENT, ADVERTISING, AND PUBLIC RELATIONS

MARKET RESEARCH IS WITHIN YOUR REACH	56
BANKING'S BUSINESS BUILDING BULLETIN	67
• IDEAS AT WORK	67
• WHAT DO YOUR SPECIAL SERVICES PROMOTE?	72
• ADS AND AIDS THAT SELL SERVICES	74

TAXES, TRUST, AND LEGAL

THE NATIONAL TRUST SCHOOL	57
BANK LAW NEWS	90

INVESTMENTS

BANKING'S INVESTMENT FORUM	4
• RATING SERVICES GIVE CREDIT APPRAISALS OF MUNICIPAL BONDS	4
• VARIABLE ANNUITIES ARE SEC-REGULATED	11
• A WORD OF WARNING	14
• GOVERNMENT BONDS	18
• THE INVESTMENT MARKETS	
<i>H. Eugene Dickhuth</i>	22

THE COUNTRY BANKER

NEWS FOR COUNTRY BANKERS	78
BANKER RESPONSIBILITY TO AGRICULTURE — A CHALLENGE	82
AN AGRICULTURAL LENDING POLICY FOR BANKS	
<i>Frank W. Black</i>	86

GENERAL NEWS

HEARD ALONG MAIN STREET	24
THE NATIONAL TRUST SCHOOL	57
BANKING NEWS	94
• SAVINGS	98
• HOUSING AND MORTGAGES	100
• INSTALMENT CREDIT	101
• CALENDAR	102
NEW BOOKS	120
A.I.B.'s 57TH ANNUAL CONVENTION PROGRAM	139
WHAT'S NEW	
<i>Ethel M. Bauer</i>	151

BANKING's Advertisers . . . 152

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

The Staff

Editor	WILLIAM R. KUHNS
Managing Editor	WILLIAM P. BOGIE
Senior Associate Editor	JOHN L. COOLEY
Associate Editor	MARY B. LEACH
Associate Editor	RICHARD L. KRAYBILL
Assistant Editor	ETHEL M. BAUER
Assistant Editor	RUTH E. BUCKWELL
 •	
Advertising Manager	JOHN J. McCANN
Assistant Advertising Managers	ROBERT J. STIEHL WILLIAM E. MOHAN
Representative: East	WILLIAM P. COOLEY
Representative: West	KENT BLATCHFORD
 •	
Circulation Manager	ROBERT R. SPOONER
 •	
Washington Correspondents	
HERBERT BRATTER THOMAS W. MILES	



BANKING is a member of the Audit Bureau of Circulations, the Society of Business Magazine Editors, and the Magazine Publishers Association Inc.

TITLE REGISTERED U. S. PATENT OFFICE
BANKING—Vol. LI, No. 11. Published monthly
at 5601 Chestnut Street, Philadelphia 39, Pa.
Copyright 1959 by American Bankers Association.
Maurie E. Selecman, Executive Vice-president,
12 East 36th Street, New York 16, N. Y., U. S. A.

Chicago Office, 33 South Clark Street, Chicago
3, Ill.; Washington Office, 730 Fifteenth St.,
N.W., Washington 5, D.C. Subscriptions: \$5.00
yearly; Canada, \$5.50; foreign, \$6.00; single
copies 50 cents. Second class postage paid at
Philadelphia, Pa. With the exception of official
Association announcements, the American Bankers
Association disclaims responsibility for opinions
expressed and statements made in articles pub-
lished in this Journal.

Send Editorial, Subscription and Advertising Commu-
nications to 12 East 36th St., New York 16, N.Y., U.S.A.

In This Issue

Bank Earnings

Outlook for a Safety-Plus-Growth Industry

(page 41)

Check Credit

Test Before You Leap

(page 44)

The Adventures of \$10,000

Since 1950

(page 36)

"A Very Good Year"

In an article on bank earnings Herbert Bratter sees indications of "a very good year for banking." Rising expenses, of course, are a continuing problem. However, autos and housing—two important credit users—look well, and there's no sign of a significant change in interest rates. "Bank Earnings: Outlook for a Safety-Plus-Growth Industry" is on page 41.

Model Condition Statement

Last month, you remember, CPA Henry P. Hill reminded his readers of criticisms of banks' financial reporting and suggested changes that would provide better information. The article attracted considerable attention. This month his discussion is carried along to some conclusions, notably a form of financial statement that shows how banks can follow "generally accepted principles of accounting." We predict that the second and final part of "Tailoring Banks' Annual Reports for Both Depositors and Stockholders" (page 54) will be read carefully.

Streamlined Check Handling

The A.B.A. Bank Management Commission's report, "The Common Machine Language for Mechanized Check Handling," has just been published and highlights are called to your attention in this issue. The report points up problems confronting banks, check imprinters and equipment makers, and offers numerous suggestions for making the transition to magnetic ink and the new era of electronic check handling. (See page 52.)

Check Credit

Questions bankers should ask before they offer the increasingly popular "check credit" are raised and answered in a timely article. There's considerably more to this service than setting up a revolving line of credit for a check-writing customer, and bankers with experience in the new field suggested important points that should be considered in advance. You'll be interested in "Check Credit: Test Before You Leap," by Richard L. Kraybill, page 44.

BANKING'S Investment Forum

Rating Services Give Credit Appraisals of Municipal Bonds

MANY different factors may strengthen or impair the credit-worthiness of a municipality. Economic elements need to be examined not only from the standpoint of present but of possible future conditions.

The depression of the 1930s taught investors what hard times can do to the ability and even to the willingness of a community to maintain its debt service. A 1-industry community, for instance, is much more vulnerable to depression than one with diversified sources of income. Migration of population or of industry, whether in bad times or in good, may have to be reckoned with.

Resort communities are obviously less firmly grounded than other types and may suffer greatly in times of general economic contraction. The attitude of the administration—whether pro-debtor or pro-creditor—and whether the laws and traditions point to debt observance are other considerations to be investigated. One should try to find out what additional financing is likely, whether by the immediate community or by some broader unit which may tax the same taxpayers. Assurance on the legality of the bonds offered is necessary, lest the danger of litigation on the basis of some technicality be incurred.

What the Services Offer

All these and many other considerations are studied by commercially available investment advisory services which assign qualitative ratings to several thousand municipal issues. Ratings are published by

these services, together with a vast amount of detailed information concerning the general economic and financial aspects of individual issuers. Also, on a fee basis, the advisory services can furnish a personalized form of investment counsel specially tailored to the needs of a bank. This advice provides guidance on investment policy generally as well as the management of specific items in the security portfolio.

Moody's

The two chief municipal securities services used by banks are Moody's Investors Service, 99 Church Street, New York City 8 (established as an individual proprietorship in 1900 and incorporated in 1914) and Standard & Poor's Corporation, 345 Hudson Street, New York City 14 (established 1860). Moody's municipal ratings date from 1918 and now cover the obligations of some 4,900 places aggregating \$36-billion. Standard & Poor's municipal ratings started in 1950 and now cover 4,573 different issues.

The 1959 edition of Moody's *Municipal and Government Manual—American & Foreign*, contains information on 6,350 units of government in the United States, comprising substantially all political subdivisions having outstanding a gross bonded debt including at least one class of debt in an amount not less than \$600,000. For each such government unit the manual contains "text statements." Also, for some 6,000 subdivisions having a gross bonded debt of between \$100,000 and

\$600,000, data in tabular form are provided for each state. This encyclopedic reference book is published annually, usually in February. Subscription price includes supplements issued each Tuesday and Friday, a weekly index, and a cumulative index issued every sixth week.

Moody's *Bond Survey*, a weekly advisory service, regularly contains, among other things, a section on tax-exempt bonds. The text includes a review and outlook appraisal, information on coming issues, etc. A monthly index is supplied. Moody's *Bond Record*, a handbook of ratings, prices, yields, etc., appears monthly. Moody's *Investors Advisory Reports* offer an individualized report service on municipal bonds. The service is rendered at irregular intervals through report cards covering changes affecting a security's investment status.

Standard & Poor's

Standard & Poor's publish a comprehensive *Bond Investment Service* comprised of six different periodic publications, one weekly, three monthly, and two bimonthly. Of the six publications, each of which may be purchased by separate subscription, two are of special interest here: the weekly *Bond Outlook* and the bimonthly *Municipal Bond Selector*. Mention may also be made of a third publication, *Canadian, Latin American, and Foreign Bonds*.

The weekly *Bond Outlook* deals with Governments, corporates, and municipals. Each issue contains a section on the latter, listing new

(CONTINUED ON PAGE 6)

THE DIFFERENCE IN DISPOSAL IS *COMPLETE BURNING*

"RISK" IS A BANKER'S WORD . . .

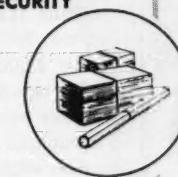
How Great is YOURS in disposing of



NO AUXILIARY
FUEL REQUIRED



ON-THE-PREMISES
SECURITY



BULK LOADING



EASY
LOADING

CANCELED CHECKS
DEPOSIT TICKETS
CORRESPONDENCE
FILES
GOVERNMENT
TRANSCRIPTS
LEDGER JOURNALS
OLD MONEY
TREASURY BONDS
STOCK and
BOND LEDGERS
AUDITING RECORDS
COLLECTION REPORTS



COMPLETE
DESTRUCTION

The only way to destroy valuable confidential paper material is to burn it!

And the Silent Glow Confidential Paper Destroyer is the only sure way of burning with practical, positive protection—its unique process of triple chamber, hydroxylative combustion reduces toughest cardboard and paper material to a snow white ash!

This unit is now installed throughout the world . . . in banks, atomic energy plants, military stations, foreign embassies, and security-wise companies.

To keep confidential information from becoming common knowledge, **COMPLETE BURNING** is best . . . by far.

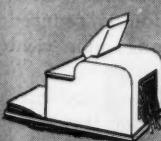
Write for complete information.

The SILENT GLOW
CORPORATION

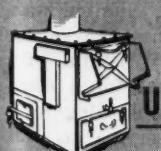
864 WINDSOR STREET, HARTFORD 1, CONN.



UNSAFE



UNSURE



UNMATCHED

(CONTINUED FROM PAGE 4)

DELBRIDGE
Interest Tickets

Actual tests prove that Delbridge Interest Tickets cut savings account interest computing time up to 50%. Practically eliminate errors—verified in seconds—provide permanent reference. Every pre-calculated answer has been checked and cross-checked to assure complete accuracy. So simple... so easy... even a child can do it!

FREE TRIAL SUPPLY

Without obligation, try Delbridge Interest Tickets in your own operation. Just tell us the number of tickets you need for your next savings account interest period. Include the rate of interest you use (tickets are available from $\frac{1}{2}\%$ to 3% in $\frac{1}{4}\%$ steps and $3\frac{1}{2}\%$ to 5% in $\frac{1}{4}\%$ steps). You must be 100% satisfied or you owe nothing. If you decide to use the tickets, just "O.K." our invoice based on the rate of \$4.50 per thousand. For your "no-obligation" supply, write...

DELBRIDGE
CALCULATING SYSTEMS, INC.
2502 Sutton Ave. • St. Louis 17, Mo.

tax-exempt issues scheduled, the current week's offerings, new municipal ratings, and more detailed comment on individual issues under the heading, Municipal Briefs and Analyses. For offerings and scheduled issues, the amount, rating, maturities, call provisions, offering yield, and other data are provided, comparable to those in the *Municipal Bond Selector*.

The *Municipal Bond Selector* is a 52-page publication giving, in tabular form, ratings and other pertinent data on 14 different groups of municipals, including general obligation municipals, Canadian municipals, general obligation state credits, toll revenue bonds, electric, gas, sewer, transit and water system bonds, Florida special funds bonds, and others. Included is a useful table showing tax-exempt versus taxable yields at various income levels. The *Selector* covers only 4,300 issues (those of \$1,000,000 or more) but reportedly includes some 80% of all state and municipal issues outstanding. Of units with \$10,000,000 or more outstanding debt, 474 account for \$31.8-billion or nearly 60% of the total.

Fitch

Another rating service is that of Fitch Investors Service, 120 Wall Street, New York City (established 1913). Its municipal ratings are contained in its weekly Review Section of the *Fitch Bond Record* and in its semiannual master list, *Municipal Bond Ratings*, which is also part of the *Fitch Bond Record*. The master list contains 3,330 ratings. It comprises both general obligation and revenue bonds. Fitch attempts to rate the obligations of all states and political subdivisions having \$1,000,000 or more of debt.

Credit is the chief, almost the only, ingredient of bond ratings, Moody's vice-president, D. M. Ellinwood, points out in an extended discussion of bond ratings and bond prices in *Public Works Magazine* of October 1956. Ratings are not a forecast of price performance, but constitute an appraisal of the borrower's future conformance to its contract with the lenders. The rating seeks to measure in broad terms the security's safety. Fine shadings of risk are beyond its ability.

Peering into the future, the rat-

ing takes into account probable trends and tendencies: economic, social, and political.

For various reasons thousands of municipals are not rated: for example, where the public's investment interest is very small; where enough current information is not available; or, as in the case of new toll projects, where no record of earnings exists.

Mr. Ellinwood notes two chief risks considered in giving a rating: (1) that quality will be diluted by inordinate debt increases; and (2) that ability to service the issue may be impaired under depressed business conditions. Investors cannot rely on legal debt limits, since several states have relaxed these in recent years. Special-purpose taxing districts and special authorities also circumvent debt limits. Ability-to-pay calls for a healthy budget structure and a sound local economy, whether agricultural or industrial. An issuer's record in debt policy and administration is the essence of good credit. An aggressive debt-repayment policy is of special value.

How Ratings Are Made

How an investor's service rates a municipal security is described in an article in *Municipal Finance* of August 1957, "The Validity and Use of Bond Ratings," by Walter H. Tyler, head of Standard & Poor's municipal bond department. The rating committee includes an analyst specializing on the bonds of the particular area concerned and perhaps a field man personally familiar with the locality's economy. When a revenue bond is being rated the committee includes a utility analyst or, if a single industry bulks large in the situation, an industry analyst.

Not only information supplied by the municipality, but all available outside information considered reliable is taken into account before the committee's opinion is reduced to an alphabetical and numerical symbol.

A rating symbol, Mr. Tyler cautions, is no substitute for the careful analysis which should precede any bond purchase. However, for the smaller banks with limited staff to manage investments the rating symbol is especially helpful. By broadening the market for a community's securities the rating may render a valuable service to the issuer.



TO SOLVE
DRIVE-IN
BANKING
PUZZLES...
call on
DIEBOLD

Diebold's experience and leadership in drive-in banking offers you the most effective, most productive way to bring drive-in banking at its best to your bank.

Whatever your building situation, whatever the traffic pattern, Diebold's intimate knowledge of drive-in banking and comprehensive range of drive-in banking equipment will help you develop the kind of installation that is convenient for your customers and profitable for you.

To be sure your bank provides drive-in banking at its best, call on Diebold, manufacturer of the world's finest bank equipment for nearly a century.

DIEBOLD
BANK EQUIPMENT
CANTON OHIO

Gentlemen: Dept. B-24
Please send me complete information about
Diebold Drive-In banking.

Name _____ Title _____

Company _____

Address _____

City _____ Zone _____ State _____

DIB-533

EXTRA PROFITS



for Your L with the **PROTECTED P**

1
Proved by
Actual Service in
Hundreds of Banks

- The most important payment protection you can make available to your loan customers today
- Insures your installment and personal loan borrowers . . . when disabled by accident or sickness their payments will still be made
- Attracts many new dealers and direct loan customers with an unparalleled promotion program
- Easy to install and operate . . . there's no paperwork burden
- There's no cost to you . . .
- Backed and serviced by "America's Number 1 Accident & Sickness Insurance Company"®.

2
3
Consider this plan not only for your own ends, but also as your public does a service of your bank, intended for their benefit.

Loan Department

PAYMENT PLAN

See for Yourself How Easily this Plan Works

This simple procedure is in operation today in hundreds of banks across the nation

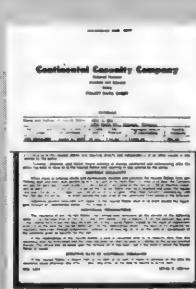
1. Installation

Continental supplies new rate charts, computed at your interest rates, with the cost of insurance added. You also get colorful point-of-purchase and other promotional materials, including brochures with your imprint.



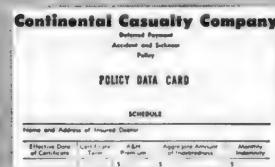
2. Direct Loan Business

When your clerk prepares the loan papers she fills in this simple snap-out certificate. Your customer gets his insurance certificate on the spot along with his copy of the loan note.



3. Dealer Business

When the note is submitted for approval your dealer includes a 3 x 5 card with the necessary information for the insurance certificate. On approval of the loan this card is forwarded to your insurance agent who completes the certificate and mails it to your borrower.

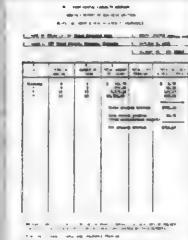


Continental Casualty Company

310 South Michigan Avenue
Chicago 4, Illinois

4. Simple Monthly Report

Once each month all new insured loans are grouped on this simple reporting form and sent with a check for the insurance premium to your insurance agent.



5. Claim Payments

All claims are quickly and efficiently handled by Continental and your insurance agent.



Let us show you how you can take advantage of the Protected Payment Plan in your loan department. Send today for your free copy of our informative "Protected Payment Plan" booklet and an accurate estimate of the profits that can accrue to your bank. Contact your insurance agent or nearest Continental Branch office or for your convenience use this coupon

Please send me a free copy of your "Protected Payment Plan" booklet.

Name _____

Position _____

Bank _____

City _____

Zone _____ State _____

Credit Insurance Division CONTINENTAL CASUALTY COMPANY

310 S. Michigan Avenue Chicago 4, Illinois

STATEMENT OF CONDITION

Directors and Advisory Directors

CLAUDE G. ADAMS*
Vice President
Brazil International Airways

NATHAN ADAMS*
Honorary Chairman
of the Board

JOE AGEE*
Senior Vice President

GEORGE M. ALBERDGE*
Chairman, Law Committee

H. W. BASS
Chairman of the Board,
Harry Bass Drilling Co.

HENRY C. COKE, JR.
Coke & Coke, Attorneys

ROSSER J. COKE
Coke & Coke, Attorneys

CARR P. COLLINS
Chairman of the Board,
Fidelity Union Life Insurance Co.

J. B. DONOVAN*
President,
Donovan Manufacturing Co

EARL FAIR*
Investments

HANS C. GLITSCH
President
Fritz W. Gillich & Sons, Inc.

R. A. GOODSON
Vice President
Vice Chairman, Manager,
Southwestern Bell Telephone Co.,
Texas Area

W. A. GREEN, JR.*
Investments

S. J. HAY
Chairman of the Board,
Great National
Life Insurance Co.

JOHN T. HIGGINBOTHAM
Chairman of the Board,
Higginbotham Co.

JOSEPH L. HIGGINBOTHAM*
Vice President,
Higginbotham-Bartlett Co.

ROY W. HILL*
President,
Austin City Distributing Co.

ERNEST HUNDALH*
Manager, Southwest Division,
Great Benefit Life Insurance
Company and Mutual Benefit
Health and Accident Association

T. E. JACKSON
Southwestern Manager,
Pittsburgh Plate Glass Co.

JOHN J. KETTLE
Senior Vice President

LOUIE KIMBLE*
President, Dixie Wax Paper Co.

ERNEST L. KURTHO
President, Southland Paper Mills,
Lufkin, Texas

WALTER W. LECHNER*
Oil Production

EUGENE McELVANEY
Senior Vice President

ROBERT E. McKEE, JR.
Vice President, Robert E. McKee
General Contractor, Inc.

C. A. MANGOLD, JR.*
Investments

A. D. MARTIN
President, Control Engineering
and Supply Co.

HARRY S. MOSS
Independent Oil Operator

WILLIAM F. NEALE
President, William F. Neale & Co.

J. B. O'HARA
Chairman of the Board,
Dr Pepper Co.

HYMAN PEARLSTONE
President,
Higginbotham-Pearlstone
Hardware Co.

G. U. PICKERING*
President,
Vitalic Battery Co., Inc.

H. NEVILLE PIERCE*
President, Southern Fertilizer
& Chemical Co.

H. P. POWELL
Oil and Investments,
Tyler, Texas

W. L. PREHN
Consolidated Brazilian Telephone Co.,
Rio de Janeiro, Brazil

HUGO W. SCHOECKLkopf*
Chairman of the Board,
The Schoecklkopf Co.

J. FRED SCHOECKLkopf, JR.
Investments

E. L. SHELTON
Chairman of the Board, Dallas
Federal Savings & Loan Association

R. H. STEWART, JR.
Investments

J. C. TENISON*
Investments

ROGER L. TENNANT*
Investments

ARCH S. UNDERWOOD*
President, Union Cereals &
Wernher Co., Lubbock,
Texas

JACK C. VAUGHN
President, Sperry Drilling Co., Inc.,
and Sperry National Life
Insurance Co.

TRAVIS T. WALLACE*
President, Great American
Reserve Insurance Co.

ROBERT F. WEICHSEL*
Vice President and Treasurer,
Great National Life
Insurance Co.

JAMES RALPH WOOD
President,
Southwestern Life Insurance Co.

BEN H. WOOTEN
President

TODDIE LEE WYNNE
President,
American Liberty Oil Co.

*Advisory Directors

84th year of growth
through service to people



At the Close of Business March 31, 1959,

ASSETS

Cash on Hand and Due from Banks	\$239,233,322.54
United States	
Government Obligations	\$113,880,505.16
Public Housing	
Authority Obligations (Fully Guaranteed)	4,380,176.52
State, County and Municipal Bonds	29,299,776.47
Other Bonds	147,560,458.15
Stock in Federal Reserve Bank	4,258,725.87
Loans and Discounts	1,800,000.00
Commodity Loans	410,860,840.52
Income Accrued	5,268,952.02
Letters of Credit and Acceptances	2,885,524.63
Banking House and Equipment	4,779,378.64
Other Assets	8,668,678.49
	360,169.24
	\$825,676,050.10

LIABILITIES

Capital Stock	\$ 26,000,000.00
Surplus Fund	34,000,000.00
Undivided Profits	6,043,840.64
Reserved for Contingencies	\$ 66,043,840.64
Reserved for Taxes, Etc.	8,824,374.50
Deferred Income	5,289,020.92
Letters of Credit and Acceptances	2,324,537.67
	4,779,378.64

DEPOSITS:

Individual	\$541,824,367.77
Banks	186,976,498.39
U. S. Government	9,614,031.57
	738,414,897.73

\$825,676,050.10

*Behind every first-rate Correspondent service, there's
always a first-rate man. You can count on the
men in charge.. at the FIRST in DALLAS.*



**NATIONAL BANK
in Dallas**

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Under Supreme Court Ruling

Variable Annuities Are SEC-Regulated

IN March the Supreme Court, by the narrow margin of 5 to 4, settled the question of Federal regulation of variable annuity life insurance companies. Henceforth companies selling such annuities are to come under the regulation of the Federal Government, i.e., the SEC, notwithstanding the fact that the Securities Act of 1933 and the Investment Company Act of 1940 specifically excluded insurance policies, annuity contracts, and insurance companies from such coverage. The Supreme Court had been confronted with a problem fit for Solomon to decide, for variable annuity life insurance is a hybrid combining insurance and investment elements. The subject is of interest to banks both because variable annuities represent an effort to hedge against inflation, and are therefore a reflection of the financial climate, as well as because this consideration is present in the pension funds which many banks nowadays administer. Formerly such administration was largely confined to life insurance companies as trustees.

As described by the Variable Annuity Life Insurance Company of America—one of the two defendants in the Supreme Court suit of the National Association of Securities Dealers, Inc., and the SEC:

The variable life annuity policy provides the annuitant an income for the uncertain period of his life, not in fixed dollar amounts, but in variable dollar amounts determined under the precise provisions of the policy and keyed to the insurance company's investment experience, based upon the scientific application of actuarial principles of life contingencies.

Designed Against Inflation

Variable annuities are a relatively recent development designed to meet inflationary trends. A pioneer in this field was the Teachers Insurance and Annuity Association, a New York-regulated life insurance

organization engaged in selling annuities to college personnel. In 1950 it made exhaustive studies of the feasibility and soundness of variable annuities and in 1952 incorporated the College Retirement Equities Fund, which commenced offering such annuity contracts. The first life insurance company to offer such contracts was the Participating Annuity Life Insurance Company of Fayetteville, Ark.

Variable Annuity Life and Equity Annuity Life Insurance Company, both of Washington, D. C., and both parties in the recent Supreme Court case were organized in 1955 and 1956, respectively. Today, apart from the District of Columbia, one or more variable annuity companies are licensed in Arkansas, Kentucky, New York, North Dakota, and West Virginia. Variable annuities are still in their infancy and the idea seems to be taking hold. The Prudential Insurance Company of Newark, N. J., has been pressing the state legislature for some time to enact authority for it to sell such annuities.

Reasons for Regulation

The successful efforts of securities dealers and the SEC to get the variable annuity business under Federal regulation seem not to have been based on any quarrel with the inflation-hedge philosophy of the business. In the case of the securities dealers, representing mutual funds which are SEC-regulated, it was a case of competition. Opinion concerning variable annuities as such is divided in the life insurance industry. Prominent proponent is Prudential. If Prudential ever gets authority to sell variable annuities, this new business will surely get a big stimulus. The behavior of the stock market in the postwar period, once fear of a big depression was dispelled, is convincing evidence that inflation fear has a strong hold on the public. Investors have been seeking a measure of protection in

growth stocks. More and more common stocks have been added to legal lists for trustees. Pension funds and mutual funds have increased their holdings of common stocks. In some pension funds the variable annuity idea has been specifically incorporated; e.g., Bristol-Myers Co., Chemstrand Corporation, and Long Island Lighting Co.

Insurance Company Views

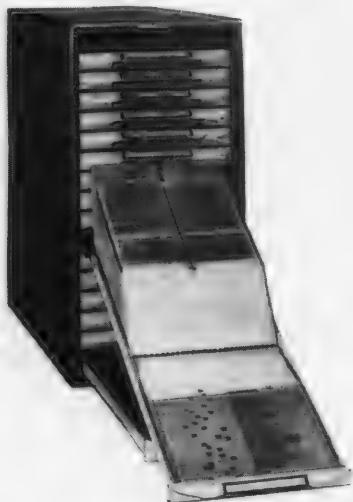
While Prudential has been in the forefront of insurance company advocates of variable annuities, the Metropolitan Life Insurance Company has led the insurance industry contingent which opposes them. The main arguments of the presidents of these two companies, pro and con, were quoted in *BANKING* last July (pp. 6, 8). "Probably no segment of our population has suffered so much from loss of purchasing power, and has been so defenseless against it, as our retired people," President C. M. Shanks of Prudential holds.

But President Frederick W. Ecker of Metropolitan maintains that our country has not yet succumbed to an inflation psychology. Stating that the ability to continue to sell insurance depends on public confidence in the soundness of the economy, he continues: "The insurance business must lead the way in the fight against inflation, rather than inaugurate devices based upon the acceptance of inflation as being inevitable. . . . Variable annuities would undermine such a campaign of direct action, because they invite tolerance and even promote complacency toward inflation."

Not everyone shares Mr. Ecker's confidence in the effectiveness of campaigns to defeat inflation by public education. Of variable annuities the U. S. Court of Appeals in the Valic case said: "They depart from tradition only in their attempt to solve a problem badly in need of solution." The reality of the problem is widely acknowledged.

WHAT BANKERS ARE SAYING ABOUT KARDEX® VISIBLE RECORD SYSTEMS AND THE ROLE THEY PLAY IN IMPROVED CUSTOMER SERVICE

Hear what these bankers have to say about KARDEX Visible Record Equipment... how it increases operating efficiency! With the increasing complexity of today's banking operation and the rapid trend to modernization and use of electronic equipment, the



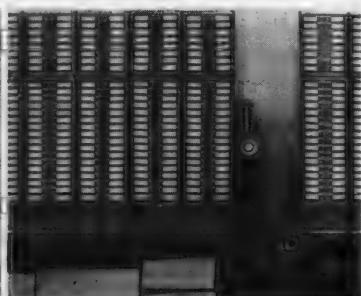
need is increasingly imperative for speed and efficiency in every department.

That's why KARDEX VISIBLE equipment is now proving such a boon to operating efficiency in banks everywhere. It means CONTROL... tighter CONTROL... COMPLETE CONTROL... best of all it means control *AT A GLANCE!* Colored signals flash all items requiring attention... all pertinent facts on an item are available *at the flip of a finger... for speed of reference... speed of posting!* Send coupon now for particulars on these visible applications.



Girard Trust Corn Exchange Bank, Philadelphia, Pa. *Customer Information File*... "we have found this central file an invaluable aid in helping us render our high type of banking service to our customers."

Robert F. McCammon, Senior Vice President



Central National Bank of Cleveland, Cleveland, Ohio. *Liability Index*... "a fast, accurate and effective method of screening new loan applications."

J. J. Holland, Vice President



Southern Arizona Bank & Trust Company, Tucson, Arizona. *Signature Files*... "the individual KARDEX pocket makes for high speed of reference and assures against misfiling and loss of records."

Franklin J. Stowell, Vice President and Cashier



Trust Company of Georgia, Atlanta, Georgia. *Safe Deposit*... "the problem of potential liability is greatly minimized with the control factors the KARDEX system provides."

Steve H. Bomar, Senior Vice President, Secretary and Treasurer



Lincoln National Bank, Fort Wayne, Indiana. Master Account Index . . . "control, speed of reference and simplicity of operation best describe the KARDEX CHAINDEX® alpha-numeric code system." R. E. Kenner, Vice President

Manchester Bank of St. Louis, St. Louis, Mo. Personal Loan Accounting . . . "we continue to benefit from the convenience of the operation of this Visible System, as well as from the remarkable savings in time required for follow-up of delinquency."

Elmer J. Nonnenkamp, Vice President



Denver United States National Bank, Denver, Colorado. Trust Duties Tickler . . . "visible records prevent neglected duties that often occur with vertical card systems."

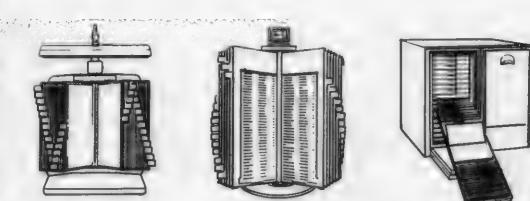
H. E. Parks, Vice President and Trust Officer

Florida National Bank of Orlando, Orlando, Florida. Liability Index . . . "our LINEDEX Visible System provides positive fast reference and is extremely simple to maintain." O. P. Hewitt, President



The National City Bank of Evansville, Evansville, Indiana. Business Development Record . . . "our new Customer History record provides the bank personnel with facts that enable us to increase business and build good will."

Frederic W. Brandenberger, Manager Business Development Department



Kardex Linedex®
Reference Equipment

Kardex
Pocket Frame Equipment

Aristocrat® Safe Kardex
Certified Fire Protection



Central Bank & Trust Company, Denver, Colorado. Customer Information File . . . "with growth a Customer Information File is imperative for maintenance of high customer service standards."

Edward C. Hofmann, Cashier

Remington Rand

DIVISION OF SPERRY RAND CORPORATION

Room 1534, 315 Fourth Avenue, New York 10, N. Y.

Kindly send particulars on the KARDEX Visible Record Control Applications checked:

<input type="checkbox"/> Customer Information File	<input type="checkbox"/> Master Account Index
<input type="checkbox"/> Liability Index	<input type="checkbox"/> Trust Duties Tickler
<input type="checkbox"/> Signature Files	<input type="checkbox"/> Business Development Record
<input type="checkbox"/> Safe Deposit	<input type="checkbox"/> Personal Loan Accounting

NAME & TITLE _____

BANK _____

ADDRESS _____

CITY _____ ZONE _____ STATE _____

How do you determine "fair market value?"

When one of your corporate clients is negotiating for a merger, a consolidation, or outright purchase or sale, the value of the business should first be established as a basis for arriving at the consideration to be paid.

If the company is one of the vast majority whose securities are not openly traded, even a comparative value is not easy to determine.

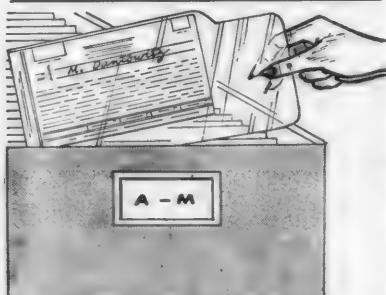
Securing an American Appraisal report, prepared especially for this purpose, is a well-accepted method for establishing fair market value. Each report is carefully documented with the factual data assembled, the valuation of this data, a comparison of the company's securities with openly traded securities of similar companies, as well as marketability and opinion factors.

We'll gladly send you our booklet No. 502, "Valuation of Closely Held Corporate Stocks."

SINCE 1896...LEADER IN PROPERTY VALUATION

The AMERICAN APPRAISAL Company®

Home Office: Milwaukee 1, Wisconsin
Offices in 18 Cities Coast-to-Coast



THIS UNIQUE INSERT GUIDE

WAS DESIGNED TO PIONEER THE HIGHLY SUCCESSFUL REVOLVING CHECK CREDIT PLAN IN A LEADING BOSTON BANK . . .

• Provides permanent protection for customer signature cards • Facilitates record handling • Acts as divider • Affords constant visibility • Is instant reference source.

Sample durable, clear plastic insert guide for index cards, and particulars on request. Call Liberty 2-5737 or write:

M. DANTOWITZ CO.
374 Tremont St. Boston 16, Mass.

A Word of Warning

Under the title above, the New York Stock Exchange's magazine, The Exchange, published in its April issue an article by NYSE President G. KEITH FUNSTON. This is one of numerous warnings sounded recently from Wall Street and other areas where those experienced in the ways of the securities markets are watching with misgivings the speculating tendencies of many persons who know less about the markets than they should. (See page 22.)

The principal parts of Mr. Funs-ton's article are reprinted below:

IT seems to me that the time has come for a little plain talk:

A tendency has been developing towards the purchase of highly speculative stocks by people who don't realize what they're buying. Some of them probably shouldn't be buying stocks at all—let alone highly speculative issues!

* * *

As a result, the Exchange has come to the conclusion that the public can't be told too often—or too emphatically—that success in investing, like success in any field, comes much more often from hard work and intelligent study than from luck.

Novice investors may be confronted by two enemies—themselves and unscrupulous or incompetent brokers and dealers. . . .

Here are a few DON'TS which are worth thinking about:

If any stranger tells you, 'phones you, wires you or writes you that he's going to make you rich just because he can't bear to see you struggling along without a fortune—and a few hundred shares of the stock he is touting—ignore him! Don't answer! Don't send him any money! Don't be a sucker!

There's no rush. Securities markets are open five days each week, and reputable brokerage offices are always available. If anyone tells you to buy such-and-such a stock right away before the price gets away from you, forget it. Take time to check, at least. He's probably wrong. But, if he's right, what of

it? There are other stocks; there'll be other days.

If you think that tremendous profits will be realized by some companies in the fields of electronics, atomic power, or space projectiles, it's certainly safe enough to agree—in theory. But, which companies? Investors who have held any one of several chemical stocks for 20 or 30 years have certainly made tremendous profits. But, how about those which couldn't meet the test of competition, expansion or new product development? Investors who bought shares in such corporations didn't get rich—quickly or slowly.

Don't be fooled by the talk that XYZ common, now selling for \$32 per share, is sure to move up to at least \$98 because it sold that high in 1946. That line of reasoning is no sounder than the claim that Miss College Queen of 1939, who surely was a stunner when you were a big man on the campus, will be just as glamorous when you see her again next weekend.

Be sure you don't fall into the error of thinking that, just because the price of a stock is low, it is cheap. Or, because the price is high, it's expensive. A stock selling for \$3 per share may show no earnings, pay no dividend, and have poor prospects; another, quoted at \$90, may earn well, have an impressive dividend record and a bright future.

Perhaps the most important advice of all is: Don't act on tips or rumors! One tip in a thousand may turn out right, but, if so, the chances are the advice was right for the wrong reason.

So far as the Stock Exchange is concerned, it would much prefer that investors who can't—or won't—take the trouble to investigate before they invest stay out of the market entirely.

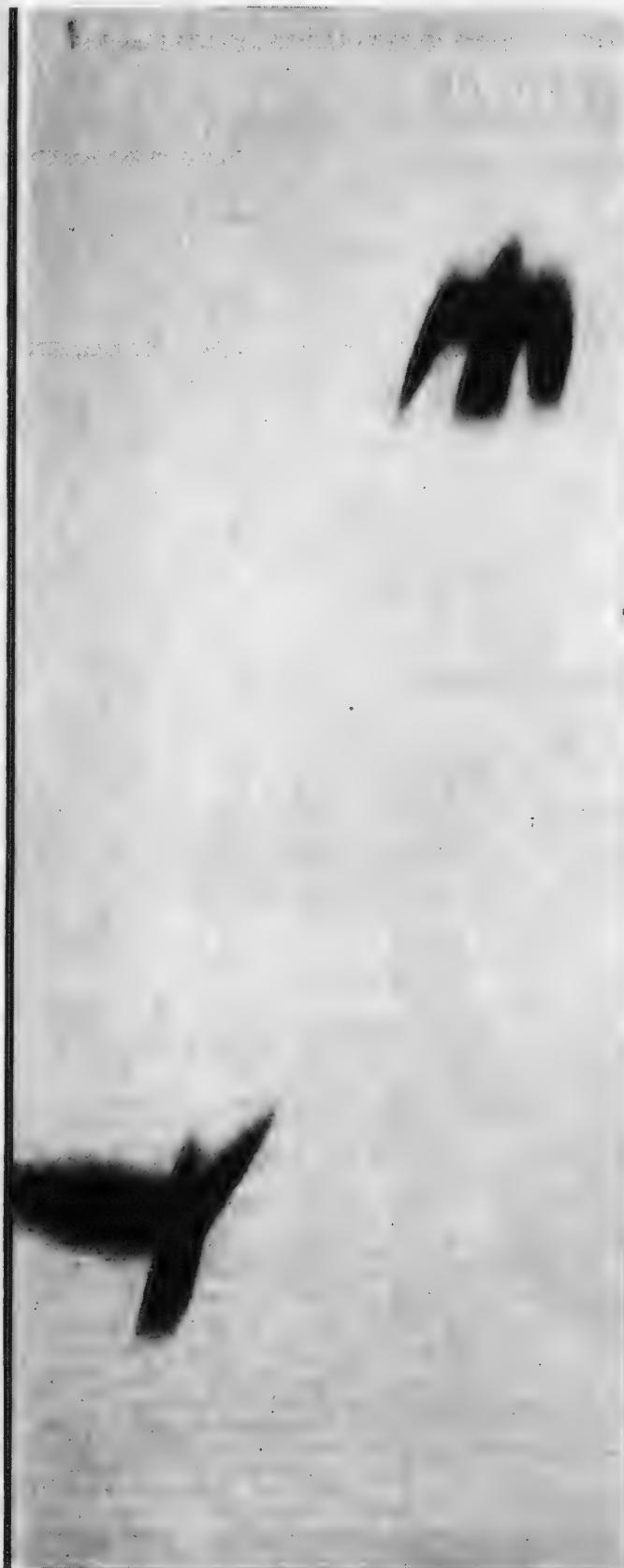
Some Do's, Too

Well, you may say, DON'TS are all right, but how about some DO'S?

Try these:

First of all, an investor—and particularly an inexperienced investor—should consult a reputable broker.

(CONTINUED ON PAGE 16)



The shape of flight

The shapes of things that fly have always been determined by the materials they are made of. Feathers form wings that are basically alike for all birds—and membrane forms an entirely different wing for insects. It takes thousands of years, but nature improves its materials and shapes, just as technology improves the materials and shapes of aircraft. But here, the improvements in materials are so rapid that designs become obsolete almost as soon as they are functional.

Today, our aeronautical designers and missile experts work with types of materials that didn't exist just a few short years ago. Steels are probably the most important examples: United States Steel has just developed *five* new types of steel for the missile program. They are called "exotic" steels because they have the almost unbelievable qualities necessary for unearthly flights.

The shape and the success of our space birds depend on steel. *USS* is a registered trademark



United States Steel

JOIN THE SWITCH TO STANDARD & POOR'S MUNICIPAL BOND SELECTOR

New Approach—Demanded By Bankers Themselves!

For the first time you have, in easy-to-read tabular form, all the ratios necessary to permit easy comparison of individual issues. For the first time, you have Municipal Bonds clearly listed with the important statistical information and grouped by type, such as General Obligations, School Authority Bonds, Electric Revenue Bonds, Toll Road Bonds, etc., for easy reference.

9 EXCLUSIVE FEATURES

Bankers helped Standard & Poor's develop this great MUNICIPAL BOND SELECTOR. It is the *only* publication giving you *all* the following information on each Municipal Bond issue: (issued approximately bi-monthly)

- (a) Standard & Poor's Quality Rating
- (b) Population
- (c) Estimated Value of Real Estate
- (d) Gross Direct Debt
- (e) Net Direct Debt
- (f) Overall Debt made up Net Direct Debt plus overlapping issues
- (g) Overall Debt per Capita
- (h) Percentage of Overall Debt to Property Values
- (i) Standard & Poor's Index (ratio of per Capita Debt to per Capita Income)

SUBSCRIBE NOW!

ONLY \$45.
FOR 1 YEAR
OR WRITE
FOR FREE
EXAMINATION
COPY

STANDARD & POOR'S CORPORATION

World's largest statistical and investment advisory organization.

Established 1860

345 HUDSON STREET, NEW YORK 14, N. Y.

A313-706

Standard CARTRIDGE CONTAINERS ...so easy to fill!

No machine time wasted in filling these strong, double-thick-cartridge containers . . . wound to a tight, symmetrical shape with no inside "dog-ears" to catch on coins. Crimp holds under roughest use.

Other outstanding features:

- Distinctive colors
- Clear, clean printing
- 55# extra strong kraft

A complete money-packaging line including:
TUBULAR and WINDOW COIN WRAPPERS • CURRENCY STRAPS and BILL BANDS



STANDARD PAPER GOODS MFG. CO.

Dept. 305 Worcester 8, Massachusetts

Please send free samples of coin and money wrappers with descriptive literature to:

Name _____

Street _____ City _____ State _____

STANDARD

wherever money is wrapped

(CONTINUED FROM PAGE 14)

From such a source, he'll get facts upon which intelligent investment decisions may be made. Stock Exchange firms have available extensive—and expensive—research facilities. The facts are yours for the asking—at no obligation.

Every investor should have—and stick to—a reasonable objective. Make up your mind whether you are investing for safety, for income in the form of dividends, for capital gains or perhaps for some combination of these objectives. Then match your purchases to your goal.

Give some consideration to bonds and preferred stocks, too. They may actually fit your investment objectives better than common shares.

Be frank with your broker. The more he knows about your financial situation and your investment objectives, the more likely he'll be able to help you.

Keep on learning. Learn all you can about the companies whose securities you own—even if further research only convinces you that you should get rid of some of them and replace them with others. . . .

None of the points covered above is particularly new. Indeed, they have been stressed, time and time again, in the Stock Exchange's educational advertising, its literature, in speeches and in informational material. But our experience shows that they can't be repeated too often. . . .

But, if the past is a guide to the future, sound common stocks are likely to keep pretty well in step with living costs and with the purchasing power of the dollar.

But that doesn't eliminate the risk. And the average man just compounds the risk unnecessarily when he buys securities blindly.

SPECULATION

I've gathered all investment facts,

I've studied market pages,
Comparing notes on stocks and bonds,
The data of the ages.

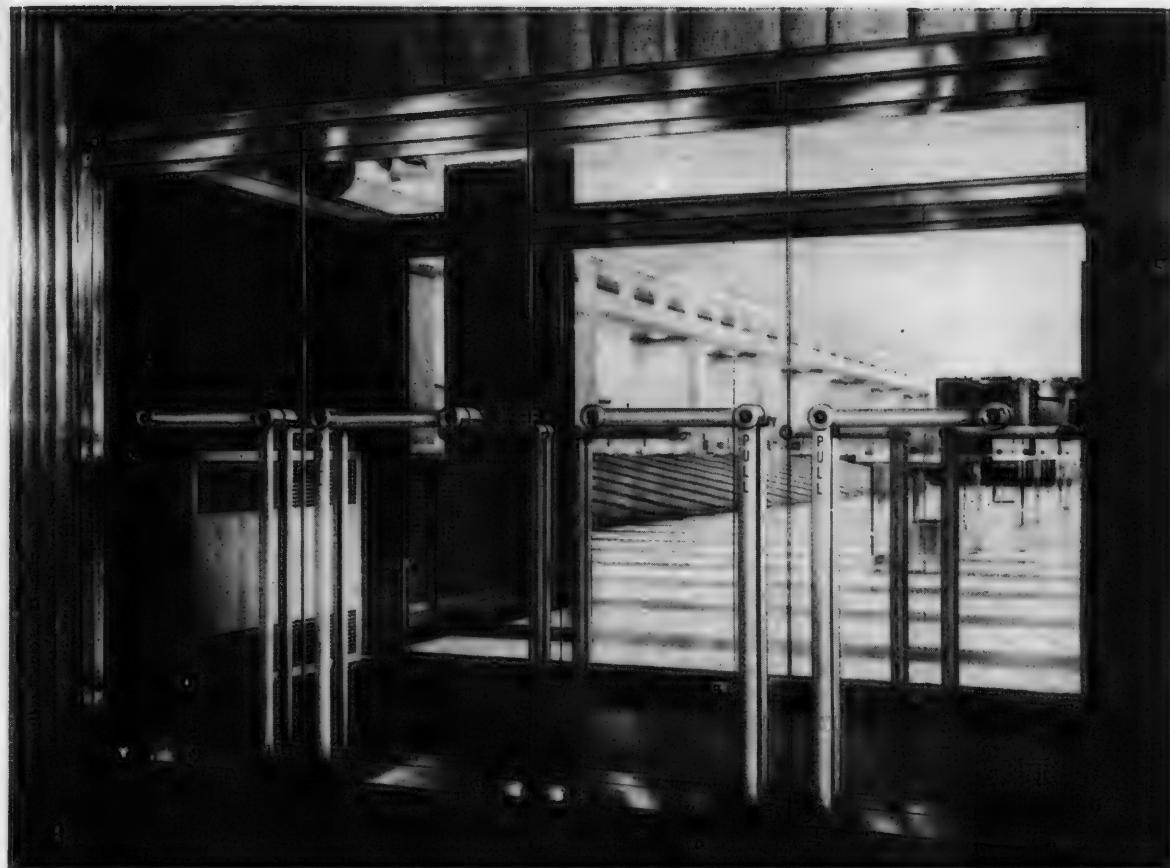
I know the various do's and don'ts,

I'm ready to apply them,
I've everything I need, it seems,
Except the dough to buy them!

STEPHEN SCHLITZER

BANKING

An investment in public relations



First National Bank in Dallas, Texas. Architects and Engineers: George L. Dahl, Dallas, Texas; General Contractor: George P. O'Rourke, Dallas, Texas.

PITTCOMATIC® ... the nation's finest automatic door opener

A good first impression—a fine appearance, a friendly atmosphere, an inviting setting—this is extremely important to a bank. Your entrance has a part in making that impression . . . and certainly the doors through which your prospects and customers walk should not spoil the image of you that has drawn them to your place of business.

What is more flattering to them . . . what more subtle way can you say, "Pleased that you are here" than with a PITTCOMATIC Door that opens at the touch of a finger or the pressure of a

toe? An appealing impression is confirmed; customers feel welcomed.

The PITTCOMATIC opens HERCULITE® tempered all-glass doors, WEST and TUBELITE® metal-framed doors, and wooden doors at the lightest touch. A simple hydraulic principle activates the device that is extremely compact and has no visible operating mechanism. It requires no structural alterations in the building, and is available for handle, mat or remote operation. Powered by electricity, it is as economical to operate as a home refrigerator.

We will gladly send you complete information on how your bank can take advantage of the many benefits offered by the PITTCOMATIC door opener. Just fill in and return the coupon.

Pittsburgh Plate Glass Company
Room 9169, 632 Fort Duquesne Blvd.
Pittsburgh 22, Pa.

Without obligation on my part, please send me complete information on the PITTCOMATIC automatic door opener.

Name

Address

City State



PAINTS • GLASS • CHEMICALS • BRUSHES • PLASTICS • FIBER GLASS

PITTSBURGH PLATE GLASS COMPANY

IN CANADA: CANADIAN PITTSBURGH INDUSTRIES LIMITED

GOVERNMENT BONDS

\$4-billion Cash Financing . . . \$4½-billion Refunding and \$2-billion More Cash . . . Cost of Treasury Bills Rises . . . Market Loses Ground . . . Open Market Committee Neutral . . . Bank Loans Increase . . . Outlook

MURRAY OLYPHANT

EXCEPT for the huge amount of Treasury financing operations, nothing very much has happened in recent weeks, up to the time of this writing, to give any definite indication of which way interest rates might go, or how soon.

So far, the preponderance of opinion remains optimistic regarding the outlook for a continuance of the improvement in business volume. High personal income figures and relatively stable consumer prices were evidenced by a large volume of Easter business.

There was an increase in the build-up of corporate inventories, although much of the increase was attributed to the fear of a strike in the steel industry, which operated at about 93% of capacity during the last half of March. New housing starts remained at a high level. The total of unemployed persons showed

a more than seasonal decrease while the total employed increased to almost an all-time high.

However, here and there, voices were heard which doubted whether the rate of improvement could be maintained throughout the summer months and suggested that little progress could be anticipated for the third quarter of the year.

It now seems certain that the desire of the Administration to balance the budget for fiscal 1959-60 will be thwarted. Certainly the maintenance of the very high level of stock market prices clearly indicates that there has been no lessening of the fear of further inflation.

Currently the need of the Treasury for large amounts of new cash to meet the growing deficit for fiscal 1958-59 continues to be the major disturbing factor in the market for fixed income securities.

To raise the money, the Treasury played both ends against the middle, although at the longer maturity end the play was only tentative.

The offerings consisted of about \$500,000,000 more of the 4% bonds (due 10/1/69)—of which about \$1-billion were already outstanding; about \$500,000,000 of 4-year 4% notes and \$2-billion of 289-day Treasury bills (due 1/15/60).

On the bonds and the notes the Treasury over-allotted, issuing \$619,000,000 of the bonds and \$1.743-billion of the notes, as total subscriptions were three times the amount of bonds offered and twice for the notes.

Exercising its right to discriminate as between investor classifications, the Treasury gave "savings type" subscribers 65% of their subscriptions, with \$25,000 or less allotted in full. Commercial banks got 35% of their subscriptions of over \$25,000. All other subscribers were given 20%. Government investment accounts took \$50,000,000 of the bonds and \$100,000,000 of the notes.

Nearly \$3.5-billion of subscriptions were received for the 289-day bills; \$2-billion were sold at an average cost to the Treasury of 3.386%. Banks were allowed to pay for their bills by credit to their Treasury tax and loan accounts. It was estimated that this privilege was worth about 20-basis points. As the market on April 6 was 3.50% bid the banks were in a position to take some profit on any bills sold.

For a while the "when issued" market for the bonds and notes held around 100 but by April 6 the quote for the notes was 99 28/32-100 and

(CONTINUED ON PAGE 20)

The Outlook

WHILE the Open Market Committee did almost nothing in March either to restrain or relax the credit situation, there is no doubt that any increased demand for loans with a consequent rise in bank borrowing from the Federal Reserve discount window would be followed by more restrictive action. Prevention of an undue increase in money supply remains the major objective of the Federal Reserve authorities.

Such prevention seems likely to be increasingly difficult because of the Treasury's need for new cash in large amounts, which at some point may have to be more largely underwritten by the banks than has so far been the case. When and if that occurs, a further rise in the rediscount rate might result.

Since no substantial diminution in the supply of new corporate and tax-free issues at rates competitive with Government securities seems to be in prospect, funds for the purchase of Government securities can hardly be expected to increase.

For the moment, especially if the demand for loans remains low, there could be a slack period in the tide of market price changes; but the longer-term outlook still seems to be in the direction of higher interest costs and lower prices.

COMPUTER PROGRESS FROM GENERAL ELECTRIC

GENERAL ELECTRIC'S COMPUTER SYSTEMS ARE BEING USED IN BANKS ALL OVER THE COUNTRY

AUTOMATED BANKING—WITH THE EXCLUSIVE
G-E MAGNETIC INK CHARACTER READER—MADE
PRACTICAL FOR BANKS OF ALL SIZES... NOW!



All General Electric automatic data processing systems for banks feature the most advanced techniques
—magnetic ink character reading and computer-controlled automatic check sequencing and sorting.

Numbers readable by the human eye are printed on customer checks in an ink which is also read
by the magnetic ink character reader. There is no costly, time-consuming translation
of the information onto punched cards or paper tape; the check itself is the
input media. The ABA-approved E13B type font is used on the checks.

The installation of the first G-E banking system is proceeding
according to plan. Other systems are undergoing initial testing.

For more information, write or wire for brochure CPB-37... for information regarding any computer problem,
programming assistance, mathematical analysis, and computer time rental, contact: Computer Department, Room 2200 A
General Electric Company • Deer Valley Park • Phoenix, Arizona

Progress Is Our Most Important Product

GENERAL  **ELECTRIC**

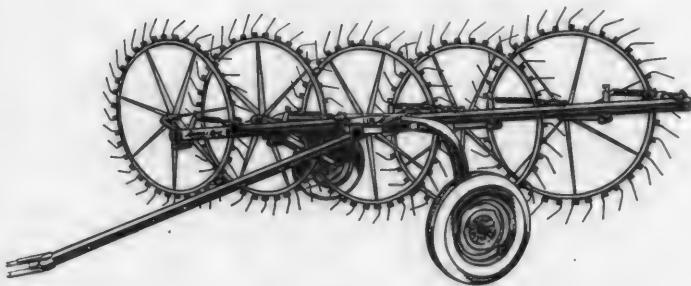
FOR FIGURES IN A HURRY—FIGURE ON A GE COMPUTER



(CONTINUED FROM PAGE 18)



**THIS BANKER KNOWS ABOUT
THE WORLD'S FINEST HAY RAKE**



"The Original" **MORRILL RAKE®**

In 12 years the MORRILL RAKE has become the fastest growing implement in alfalfa farming. Leading growers recommend the MORRILL RAKE and the finest dealers sell them.

As a banker, you should be familiar with farm problems and the best of all the hay rakes. The Original MORRILL RAKE is recognized for such features as economy, speed and gentle raking.

AWARD OF MERIT: WESTERN FARM EQUIPMENT, a dealer magazine of the western states, selected the MORRILL RAKE to receive the first "Machine of the Month" award ever granted by that publication.

WEST COAST SALES & SERVICE CO.
TULARE, CALIFORNIA

for the bonds was 99 26/32-99 30/32.

On the whole the financing was regarded as satisfactory as could have been expected under existent conditions. The demand for the 4% bonds was, perhaps, a little better than anticipated. The 4% 4-year notes were well absorbed. The bills set their own market. It remains to be seen how they will fare as time goes on. Certainly there is no indication that any major lengthening of the Treasury maturity schedule is yet feasible.

**More Treasury Refunding
and Cash**

There is no let-up in Treasury requirements. About \$2.7-billion bills and \$1.8-billion of notes must be refunded on May 15 and between \$1.5- and \$2.5-billion of new cash provided.

The usual discussions with investor and dealer groups will be held by the Treasury, but the likelihood is that the new cash will be obtained from another issue of long-term bills—possibly to mature on April 15, 1960, as in offering the recent 289-day bills the Treasury indicated the intention to build up bill maturities in January, April, July, and October.

For the exchange, a small additional amount of 10-year bonds is remotely possible, but the Treasury is almost certain to keep most of the new offerings well within the 5-year maturity range unless there is a marked let-down in the supply of new corporate and tax free issues which continue to be available on a better income basis.

**Cost of Treasury Bills
Rises Moderately**

The record of the weekly sales of Treasury bills from March 5 to April 6 was as follows:

Offered	Average Cost	Yield	
on	3 mos.	6 mos.	Spread
Mar. 5	3.062%	3.375%	.315%
12	2.763%	3.058%	.295%
19	2.766%	3.093%	.327%
26	2.841%	3.236%	.395%
Apr. 6	2.948%	3.249%	.301%
Average			
for			
period:	2.876%	3.20%	
for			
previous			
5 weeks:	2.73%	3.155%	

This very moderate increase in

cost was less than might have been expected in view of the large amount of new Treasury financing. The fear that corporate tax requirements in mid-March might result in a net decline in the amount of bills held outside the banking system proved unjustified. Actually the new 289-day bills were in demand by corporations and this demand permitted the commercial banks to lower substantially their original commitments.

After the sale of the \$2-billion of the 289-day bills, the Treasury ceased to issue an extra \$100,000 each week, but it can renew that practice whenever it seems necessary.

Market Loses Ground

By April 3 the market had lost ground as compared with March 3. Quotations for the longer bonds showed losses of from 20/32 to a full point. The intermediate term issues were off somewhat less, while the 3- and 4-year maturities were down half a point or more.

Trading continued to be in very small volume. Some indication of the true state of the market was to be found on the dealer quotation sheets, where the spread between the bid and asked prices for the longer-term issues was a full one-quarter. Changes in the quotes of individual issues were erratic, to a large extent merely reflecting the current demand for or pressure for the sale of that particular issue. While the shorter issues had a spread of one-eighth between the bid and asked prices, it nevertheless was true that nearly all orders were on a "workout" basis. This is likely to be true for some time.

For March the Open Market Committee seemed to "let well enough alone." Only \$155,000,000 was added to the Federal Reserve portfolio of Governments. This amount only a little more than offset the rise in circulation of \$99,000,000 and the decline in the gold stock of \$37,000,000.

As the "float" averaged about \$950,000,000 for the month, the member banks were able to keep their "negative reserve" position at the moderate average of about \$175,000,000 for the period.

Bank Loans Show an Increase

For the period from March 4 to April 1 the reporting member banks showed an increase in loans (adj.) of over \$1.5-billion. Part of the increase came from mid-month loans to corporations for tax payment purposes but more came at the end of the month to carry securities in connection with the Treasury financing. There was no evidence whatever of any increase in the demand for loans from corporations for business purposes.

Opinion is divided as to what the demand will be in the next few months. Some expect increasing inventory to result in more need for loans. Others point out that the heavy "cash flow" to corporate treasuries should take care of their needs. Still others say that the heavy corporate holdings of Treasury bills could be disposed of to provide needed funds.

Unless business volume picks up more rapidly and earlier than currently expected, it is hard to see where much of any increase in the demand for loans can come from.

"I heard they were up for another raise!"





relax ...



enjoy yourself after a long day
in your office
soothed by the sparkling
blue water of your new pool
beside your own home.

in just ten days you can enjoy
this thrill of modern living
the cost is less than
that of the finer new cars
just a few dollars a month

NATIONAL pools... made of
prestressed concrete for a
life-time investment
specified by architects and
engineers for America's finest
country club, hotel, community
and school pools
preferred by homeowners
who want the very best

NATIONAL
POOL
equipment co.
Indianapolis, Ind. Florence, Ala. El Monte, Calif.
Sales offices: Birmingham, Ala.

NATIONAL POOL EQUIPMENT CO.
P.O. Box 1101, Indianapolis, Ind.

- I'm enclosing 25c. Please send me your new swimming pool brochure.
- I plan to install a swimming pool within twelve months.
- I am interested in a pool installation franchise.

NAME _____

ADDRESS _____

THE INVESTMENT MARKETS

H. EUGENE DICKHUTH

THIS department has indicated in previous issues the prevalence of eyebrow-raising over stock prices. In the intervening weeks, real concern has become apparent in responsible quarters. This is based not so much on the height of the averages. There is a feeling that the potentialities of the so-called "glamour" stocks have been overplayed.

Also, there is the undeniable fact that speculation in low-priced stocks has been rampant at times. Another warning signal is that in the first quarter of the year an average of more than 3,300 new securities salesmen a month were registered, compared with 2,000 a month in the first three months of 1958.

Fringe operations, probably, can never be eliminated in any business, including Wall Street. Beyond the sphere of reputable houses, "boiler rooms" are still in existence which sell securities by telephone with all the tricks of the trade, ancient as they are.

Some Warnings (see page 14)

Taking cognizance of the vulnerability of the situation, there have been a number of cautionary statements by leaders in the industry. Said Edward N. Gadsby, chairman of the Securities and Exchange Commission, "Anybody who plays the market at any time without guidance and care needs his head examined."

The president of the New York Stock Exchange, G. Keith Funston, issued a similar warning. "It would be most unfortunate to have any part of our business reflect unsound or unreasoned transactions, whether they be based on tips or rumors, or concentrated in low-priced issues merely because the price is low."

The concern of major houses in Wall Street was expressed in a number of paid advertisements. The ad of Merrill Lynch, Pierce, Fenner & Smith, Inc., was headed "A Matter of Some Concern." It was supplemented by a statement by Michael

W. McCarthy, the president of the company, the largest brokerage firm in the country, that "another disturbing thing is the crescendo of inflationary language in many financial ads."

Harris, Upham & Co., paid for space to tell people "What Every Investor Should Know About Today's Stock Market." A plea was made by Arthur Wiesenberger & Co., with "More Reasons for Caution."

The same attitude was reflected, also, in market letters, including those of Hayden, Stone & Co. and of Paine, Webber, Jackson & Curtis. The American Stock Exchange made it a point to compare the "glamorous" electronics industry of today with radio companies in the 1920s, when hundreds of companies began their struggle and just a few of them made the grade.

The Federal Reserve Board has also become concerned. It has sent questionnaires to brokers on a proposed further tightening of credit in the stock market, even though present margin requirements are 90%. Regardless of the final outcome, there is responsible leadership in the equities' markets today.

The Bond Markets

Caution was the by-word in the bond markets. A substantial volume is being done in municipals. There was some price cutting in recent periods, owing to the large supply and a somewhat mounting volume of unsold obligations. In one representative week last month, 15 new issues were placed and no more than about 55% of them were sold immediately.

In fact, all departments of the high-grade bond market reflected the increasing pressure of long-term capital demands. The United States Treasury was again competing with corporate and municipal financing.

There was dissatisfaction with yields, and there was some price cutting as a result. The latter were

modest in scope and promptly produced an adequate demand. The visible supply of new offerings is still considerable.

Mutual Funds

One of the phenomena of the investment markets is the mutual fund business. Perhaps the most significant aspect is the number of accumulation funds—investors who buy periodically, whether the market goes up or down. It's known by a "high-falutin'" term: "dollar averaging."

Among 154 open-end investment companies, the number of new accumulation plans started last February was 27,882. This compares with 25,980 in January and with 19,131 in February 1958.

Mutual funds are now a formidable industry. Their total assets were \$14,002,458,000 on February 28 last, compared with \$9,193,238,000 a year earlier. About one-third of the gain in assets was attributable to purchases of new shares. The balance was accounted for by market appreciation of securities in the funds' portfolios.

These professional investors did not seem to be scared very much of high securities prices. Some of these funds are all common stock funds, others are "balanced" funds which also invest in bonds. At any rate, holdings of cash, U. S. Governments and short-term bonds amounted to only \$690,986,000 on February 28, compared with \$613,355,000 a year earlier.

The recession and increased consumer buying did take its toll, however slightly, in redemptions. They amounted to \$60,820,000 in February, compared with \$75,018,000 in January, and \$29,492,000 in February 1958.

Redemptions really tell the tale. Confidence in the future must be pretty strong if investors sacrifice holdings, paying almost double the interest derived from savings deposits in exchange for homes or other capital goods.

INDIAH LUMBER, INC.

BALANCE SHEET

ASSETS

DECEMBER 31

Cash in banks and on hand	\$ 87,406
Accounts receivable	396,128
Prepaid expense	43,000

INVENTORY \$1,231,000

Total current assets	\$1,757,534
--------------------------------	-------------

Land	\$ 117,600
Building and equipment	210,485
Construction work in progress	
Deferred charges	

**"I want to be
a loan!"**



Mr. Loan Officer—whenever you see a financial statement on which the INVENTORY "wants to be a loan"—why not call in Lawrence. Lawrence System Warehouse Receipts enable you to convert inventories into prime collateral for secured loans ranging from \$15,000 to \$1,000,000 or more.

LAWRENCE ON WAREHOUSE RECEIPTS



...IS LIKE CERTIFIED ON CHECKS

LAWRENCE WAREHOUSE COMPANY

NATIONWIDE FIELD WAREHOUSING

37 Drumm Street, San Francisco 11
100 N. LaSalle Street, Chicago 2 • 79 Wall Street, New York 5
OFFICES IN PRINCIPAL CITIES



heard along main

About People

R. CROSBY KEMPER, JR., president, City National Bank and Trust Company, Kansas City, Mo., also becomes president, Brownlee-Moore Banking Company, Brookfield, Mo., succeeding ELLIS BROWNLEE, who becomes board chairman; DON SCHOOLER, from vice-president and farm representative, Citizens National Bank, to Brownlee-Moore as executive vice-president.

W. C. HOLLINGSWORTH becomes vice-president and cashier, Jackson County State Bank of Edna, Tex.

JAMES F. STROKER becomes vice-president at Main Bank and Trust, San Antonio, Tex.

ROBERT E. ELLIOTT, from president, New Orleans Petroleum Corporation, to vice-president, National American Bank of New Orleans, La.

W. KENNETH PITTMAN, from vice-president to executive vice-president, First National Bank of Pompano Beach, Fla.; ROBERT E. BATEMAN becomes vice-president.

New IBA President Elected at Philadelphia

O. K. JOHNSON, right, was elected president at the Independent Bankers Association's convention in Philadelphia, held April 27-29. His credentials: president, Whitefish Bay (Wis.) State Bank; former IBA first vice-president; former president of the Wisconsin Bankers Association.

O. D. HANSEN, president, Bank of Union County, Elk Point, S. Dak., was advanced from IBA second to first vice-presidency.

REPRESENTATIVE WRIGHT PATMAN of Texas, veteran member of the House Banking Committee, was one of the principal speakers at the convention.



SAMUEL G. EASTERBROOK, who retires.

WALTER E. HYNECK, assistant treasurer, also goes from assistant secretary to secretary, Meriden (Conn.) Savings Bank.

RENSSELAER R. "DICK" JOHNSON, comptroller, Society National Bank, Cleveland, Ohio, retires after 25 years with bank.

CHARLES W. STURDEVANT, treasurer, also becomes president, Union Savings Bank of Danbury, Conn.

JOHN S. ALFRIEND, board chairman, National Bank of Commerce, Norfolk, Va., was awarded the Distinguished Service Award of the Virginia State Chamber of Commerce for "his extraordinary contributions to public well-being."

DECOURSEY FALES, retired chairman, The Bank for Savings, New York City, has given a library of nearly 15,000 books, valued at more than \$200,000 to New York University in honor of his father Haliburton Fales. The collection, one of the finest assemblings of novels, letters,

Another New A.B.A. Member



Harold Karandjeff, right, president, newly-organized American Bank of Granite City, Ill., gives the bank's first A.B.A. dues check to Charles R. Huegely, executive vice-president and cashier, Farmers and Merchants National Bank of Nashville, who is A.B.A. State Vice-president for Illinois

street

Compiled by
Marguerite Beck
of BANKING'S staff

historical, biographical, and manuscript material representing English and American authors, was collected by MR. FALES over the past 40 years.

J. Ross HUMPHREYS, president, Central National Bank of Chicago, becomes Bank-Share Owners Advisory League President, succeeding the late MALCOLM C. ENGSTROM, who was president of First American State Bank in Wausau, Wis.

Officers of Rotary

SIX more bank executives have been named officers of Rotary International, world-wide service club organization for 1958-59: WILLIAM H. HIESTAND, president, Preble County National Bank, Eaton, Ohio, is information and extension counselor; five district governors are A. BERKELEY CHILDS, president, First State Bank, Overton, Tex.; W. T. FORSEE, president, First National Bank, Owenton, Ky.; HERBERT HOOD, assistant vice-president, Union Planters National Bank, Memphis, Tenn.; EARL B. MYERS, vice-president, California Bank, Norwalk; and MAX STIEG, president, Dairymen's State Bank, Clintonville, Wis. J. EDD McLAUGHLIN, president, Ralls (Tex.) Security State Bank is slated for the organization's presidency, as mentioned in last month's Main Street.

JAMES G. WILKIE, vice-president, also becomes cashier, First Trenton (N. J.) National Bank.

FREDERICK C. OBER, from president, Fitchburg (Mass.) Savings Bank to president, Newton (Mass.) Savings Bank.

Officer changes at Fort Worth (Tex.) National Bank: JAMES E. MCKINNEY becomes executive committee chairman and chief executive officer; LEWIS H. BOND becomes president; JOE A. CLARKE and W. H. PETERSON both become executive vice-presidents.

JOSEPH H. BACHELLER, JR., executive vice-president, also becomes cashier, Suffolk Franklin Savings Bank, Boston, Mass. PHILIP B. HAMEL becomes vice-president and comptroller.

GUY L. BARRY, JR., president, American National Bank, Sapulpa, Okla., is elected to membership in the Young Presidents' Organization. YPO members, 1,400 in all, have all become corporation presidents before reaching 40, and their program includes seminars at leading business schools, an annual week-long "School for Presidents," and over yearly 200 meetings of the 32 chapters.

JAMES M. ROBERTSON, from vice-president, National Bank of Commerce, Houston, to president, State National Bank of Texarkana, Tex., succeeding STUART WILSON, who becomes board chairman and remains chief executive officer.

FLOYD M. BROWN and WILLIAM F. FEENEY become vice-presidents, Chase Manhattan Bank, New York City.

CHARLES H. MONAHAN becomes vice-president and branch manager, First Western Bank and Trust Company, San Francisco.

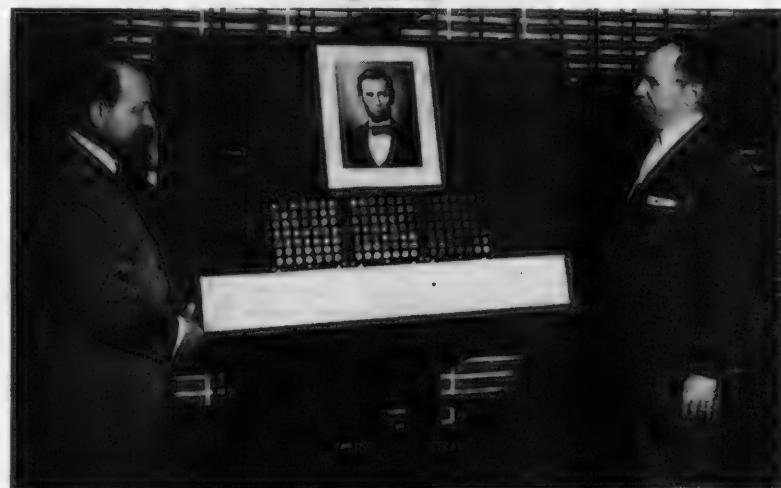
FLEMMING KOLBY becomes international division vice-president, Central National Bank of Cleveland, succeeding O. L. CARLTON, who retires.

W. E. EAGLE, vice-president, San Antonio branch, Federal Reserve Bank of Dallas, retires after 43 years with bank; CARL MOORE, and JAMES L. CAUTHEN, both become vice-presidents.

JOSEPH V. GOLDBACH, from assistant cashier, Iowa-Des Moines National Bank, to assistant vice-president, Illinois National Bank of Springfield.

Lincoln Displays Appear Throughout 150th Year

Displays of Lincoln memorabilia and pennies are cropping up across the country throughout this 150th Anniversary Year of Abraham Lincoln's birth. Here's a penny display that is part of the coin collection of Paul Reed, right, auditor for Republic National Bank, Dallas, Tex., as it appeared in a store window in the Republic National building. The store's display manager appears on the left



"TOPS" { YOUR BEST BUSINESS BUILDER for the COMING SUMMER!



YOUR ADVERTISING WILL BE READ IN HOMES DAILY FOR 3 YEARS FOR PENNIES!

Plan now to increase lagging summer business. Have "Tops" work for you every day right in your customers' and prospects' homes. These wonderful bottle re-sealing plastic caps are ideal "get acquainted" gifts to promote improvement loans, financing for new cars, vacations and other special services. Hand-imprinted plastic bottle caps will get your advertising message read in homes every day for three years for only pennies!

Each fine cap easily snaps on and off soda and soft drink bottles, keeping drinks fresh and air-tight! Your bank's name, trade-mark or advertising is hand-imprinted in gold on each cap. Caps come in 6 colors: red, green, blue, yellow, white and black. Sold in bulk or packed 2 to a clear plastic gift envelope.

FREE SAMPLES! Write NOW for prices and samples of advertising caps ordered by leading banks whose constant stream of re-orders proves beyond all doubt that these caps are the finest type of business reminder advertising used widely in the banking profession today.

★ HEMAN ELY, JR. ★

DEPT. BE, P. O. BOX 62, LANCASTER, PENNA.

SIMPLEST SYSTEM YET!



Drawer Model for 40 Keys

12" w, 5" h, 6" d

KEY-DRAWER

fits desk drawers and file cabinets

KE-MASTER SYSTEM also provides for capacities from 10 to 800 keys in Key Cabinets, Racks, Boards. See your local stationer, or write direct to

CUSHMAN & DENISON

MANUFACTURING COMPANY
CARLSTADT, NEW JERSEY

Please forward detailed information on Key-drawer and other units of the Ke-master Key Control System. B-5

Name _____
Address _____
City _____
Zone _____ State _____

PAUL DAVENPORT, from assistant vice-president to vice-president, County Trust Company, White Plains, N. Y.

REGINALD T. W. CLEAVE, London office, and ROBERT H. BLAKE, Paris office, Guaranty Trust Company of New York, become vice-presidents.

ARTHUR C. JENSEN, executive vice-president, becomes board and executive committee chairman, Bank of Montreal, Canada; G. ARNOLD HART, from vice-president and general manager to president and chief executive officer, succeeding recently deceased GORDON R. BALL. R. D. MULHOLLAND, deputy general manager becomes general manager.

FRANK D. TERRY, from vice-president, First National City Bank of New York to vice-president, Pacific Finance Corporation, Los Angeles.

P. HURLEY BOGARDUS, from assistant vice-president to vice-president, J. P. Morgan & Co., Inc.

JOHN L. MICHEL, assistant vice-

president, Fidelity-Philadelphia Trust Company, retires; FREDERICK C. WHEELER, vice-president, also retires.

S. L. BARKE retires as president of Florida Bank at Port St. Joe, Fla.

CHARLES BOYLE, from vice-president to president, Southgate (Mich.) Bank, succeeding ARCHIE C. MILNE, who retires; JOHN C. MILNE, cashier, also becomes vice-president.

WILLIAM A. MAYBERRY, from president to board chairman and chief executive officer, Manufacturers National Bank, Detroit; ARTHUR J. FUSHMAN succeeds him.

JAMES McCRONE, JR., from assistant vice-president to comptroller, succeeding J. C. POLZNER, who retires, at Cleveland (Ohio) Trust Company.

GEORGE A. HALEY, from assistant chief examiner, National Bank of Portland, to vice-president and loan officer, Lea County State Bank, Hobbs, N. Mex.

Independent Bankers Dinner



Here's the line-up at the speakers table at an "Independent Bankers Dinner" sponsored by the Independent Bankers Association of Northern California at the St. Francis Hotel in San Francisco. Left to right are William M. Gorman, assistant vice-president, Oakland Bank of Commerce; Ralph Arnold, president, First National Bank, Ontario, Calif.; Harry J. Harding, President, First National Bank of Pleasanton, Calif.; Mrs. H. J. Harding; William J. Murphy, California State Superintendent of Banks; Herman Mangels, president, Federal Reserve Bank of San Francisco; Mrs. Herman Mangels; B. R. Kirchner, vice-president, First National Bank, San Rafael, president, Independent Bankers Association, Northern California; Mrs. B. R. Kirchner; Fay Packard, president, Springville (Utah) Banking Co., president, Independent Bankers Association, 12th Federal Reserve District; Mrs. J. C. Osborn; J. C. Osborn, Chief National Bank Examiner, 12th Federal Reserve District; Mrs. Walter Smith; Walter Smith, supervising examiner, Federal Deposit Insurance Corp.; Oscar Mennenga, executive manager, California Bankers Ass'n.

President—1959-1960
Florida Bankers Association



Stanley E. Warner, president, Peoples Bank, Crescent City, Fla.

RUSSELL L. STOTESBURY, JR., from executive vice-president to president, University National Bank of Minneapolis.

DANIEL L. CHAMBERLAIN, assistant vice-president, The Bank for Savings in the City of New York, retires after 32 years of service.

MARTIN ALDUINO, from assistant vice-president to vice-president, Lincoln Savings Bank, Brooklyn, N. Y.

JEAN GUTHRIE EDWARDS, from advertising assistant, State-Planters Bank of Commerce and Trusts, Richmond, Va., to director of public relations and advertising, Long Island Trust Company, Garden City, N. Y.

LEWIS H. BOND, from vice-president and senior loan officer, to president and director, Fort Worth (Tex.) National Bank; JAMES E. MCKINNEY, executive committee chairman, from executive vice-president to chief executive officer; JOE A. CLARKE and W. H. PETERSON, from vice-presidents to executive vice-presidents.

CARL E. MEEKER, from executive vice-president to president, City Bank of Kent, Ohio, succeeding T. G. GRAHAM, who becomes board chairman.

(CONTINUED ON PAGE 30)

Reduce
copying costs
as much as 50%
with
Pearless
QUICK SILVER
a
completely
new
office
photocopy
process



Peerless Photo Products, Inc.
Shoreham, Long Island, New York

Gentlemen:

Please send me more information about **QUICK SILVER**, the completely new office photocopy process which:

- 1 — makes single copies at only 5 cents each
- 2 — makes an unlimited number of copies from one negative
- 3 — makes all copies of equally good quality
- 4 — eliminates peel-apart and throw-away sheet
- 5 — is available as a combination unit or as a separate processor adaptable to your own copying machine
- 6 — has no copy limitations

NAME _____ TITLE _____

COMPANY _____

STREET _____

CITY _____ ZONE _____ STATE _____

B-5

The seaport that's



2250 miles from sea!

Everyone knows that the enlargement of the St. Lawrence Seaway will make Chicago one of the busiest seaports in the world.

But the Continental didn't wait for it.

For more than 75 years, our International Banking Department has grown to become one of America's biggest and busiest. On a typical day, we'll exchange 1454 pieces of correspondence that talk our customers' language in everything from Hungarian to Hindustani.

What's more, the officers of our International Banking Department are constantly making personal calls on bankers and business men everywhere from Holland to Hong Kong. You can get first-hand information from "the man who has been there."

Why not make our International Banking Department *your* department? It gives you access to some 33,500 banking offices all over the world.

Visit our exhibit at the Chicago International Trade Fair and Exposition, July 3rd to July 18.



... well named,
the "Continental"

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

LOCK BOX H, CHICAGO 90

Member F.D.I.C.

Mobile Home Parks Called "Big Business" By Realty Analysis

The first independent public appraisal (of a 90 unit 10-acre mobile home park) compiled in an 8-page "Real Estate Analyst Bulletin" by Roy Wenzlick & Co. of St. Louis, Mo., concludes that the mobile home park is hardly a "shoestring operation," and definitely ranks as "big business." This toothsome bit of information for the financial factor is based on the fact that \$30 to \$50 monthly space rentals add up to a substantial gross income, and that in most cases park operations are exceptionally profitable.

Backing up this contention is the fact that outstanding mobile home paper is now estimated at over ONE AND A QUARTER BILLION DOLLARS! And the Small Business Administration just announced participation in a \$250,000 loan for development of a new Florida mobile home park.

♦ ♦ ♦ MHMA Sets '59 Projects At Annual Meeting

The Mobile Home Manufacturers Assn. held its annual 2-day meeting in Chicago in March, with the greatest number of manufacturers ever in attendance. Three major projects were announced by re-elected president, Earl W. Swett: 1. adoption of plumbing, heating and electrical standards as a membership requisite; 2. increased allocation of funds and personnel to facilitate park developments and improvements; 3. sponsorship of the greatest yet nationwide promotion of mobile homes in full-color full-page ads in LIFE and McCALL'S magazines.

♦ ♦ ♦ Loss Ratios Lower

Lower loss ratios were reported by 269 financial institutions who participated in a recent survey, results of which have been released in the "8th Annual Report of Consumer Financing of Mobile Homes." 91% of those participating reported no loss on contracts purchased during the first half of '58; 3% said losses were under 1/10 of 1%—6% reported losses of over 1/10 of 1%!

THESE INFORMATIVE HIGHLIGHTS ON ONE OF AMERICA'S IMPORTANT INDUSTRIES ARE PRESENTED IN THE HOPES OF BETTER UNDERSTANDING OF MOBILE LIFE . . . BY

FOREMOST INSURANCE COMPANY

Grand Rapids 3, Mich.

No. 1 SPECIALIST IN
MOBILEHOME PROTECTION



main street (con't)

SEBY J. CARUSO, CARL G. WOOD, JOHN B. G. PALEN, all become vice-presidents, Newton-Waltham (N.Y.) Bank and Trust Company.

DAYTON H. MUDD becomes vice-president, Mercantile Trust Company, St. Louis, Mo.

GEORGE B. DE LUCA, former lieutenant-governor of New York State, joins Commercial Bank of North America, New York City, as a vice-president.

ROBERT H. TAYLOR, trust officer, COVINGTON TRUST and BANKING, becomes executive vice-president.

ROBERT L. CHERRY, vice-president, Federal Reserve Bank of Richmond, Charlotte branch, retires.

CHARLES A. JOHNSON, from secretary to vice-president and director, Chatham (N. J.) Trust Company.

JAMES H. JENKINS, LEWIS H. SEMEL, both assistant vice-presidents, become vice-presidents at Bankers Trust Company, New York City.

H. I. ROMNES, president, Western Electric Company, becomes Chemical Corn Exchange Bank (N. Y.) director.

W. W. WILSON, vice-president, retires from Montgomery County Bank and Trust Company, Philadelphia, after 34 years of service.

WILLIAM D. STANLEY, from president, First National Bank of Jacksonville, Tex., to vice-president and senior loan officer, National Bank of Commerce of San Antonio.

MALDWYN C. EVANS, from vice-president, Security Bank of Oregon, Portland, to executive vice-president and cashier.

GEORGE F. CLEMENTS, JR., EARLE MARSHALL, WILLIAM B. SNYDER, all become vice-presidents at Empire Trust Co., New York.

JOHN J. WATT, JR., is named president of newly-organized drive-in

You're The Doctor

INFLATION is a subject that needs dramatizing, thought A. LEE M. WIGGINS of Hartsville, S. C., board chairman of Atlantic Coast Line and former American Bankers Association president.

He obtained a quantity of silver dollars which had never been circulated, but had been resting in Treasury vaults for years. He set each one, like a jewel, in a little box filled with cotton, and sent the boxes to friends throughout the country accompanied by the following note:

AN
OLD FRIEND
NEEDS
HELP

This is a virgin silver dollar. It has never been in circulation. For over 35 years it has been lying in the vaults of the U. S. Treasury.

This silver dollar, in appearance is strong and vigorous. Actually, it is and has been in declining health for a number of years.

Although it has done no work in the 30-odd years of its existence, it has lost about $\frac{1}{2}$ of its ability to do a day's work or to buy goods and services.

This dollar is ill from a disease called "inflation." The further spread of this disease may destroy it. Effective remedies are well known. They can be administered only by the American people.

As a responsible citizen, you are one of its "doctors." The strength and vitality of this old friend can be saved with your help.

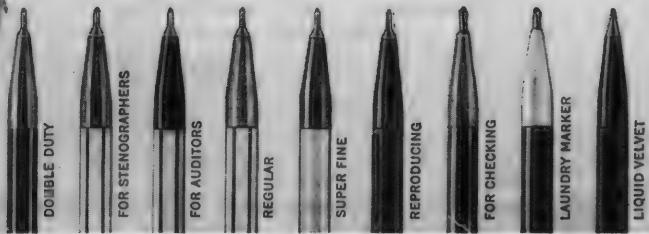
Land of Lincoln Bank, Springfield, Ill. Other officers are C. T. WEIR, executive vice-president; ROSCOE BONJEAN, vice-president; MEREDITH RHULE, vice-president; ALVAN C. BORAH, assistant vice-president; KING V. HOSTICK, assistant vice-president; CLYDE V. NEFF, cashier.

S. SLOAN COLT, director and member of executive and trust committees, Bankers Trust Company, New York City, is new board chairman, Port of New York Authority. HORACE K. CORBIN, board chairman, Fidelity Union Trust Company, Newark, N. J., becomes vice-chairman.

(CONTINUED ON PAGE 32)

NEW CAMEL INK-CARTRIDGE*

GOES MILES FURTHER WITHOUT RUNNING DRY



Now Venus equips the famous "cross between the pen and pencil"® with the remarkable new Camel ink-cartridge; doubles the ink supply, doubles the writing mileage. Result: the most efficient, economical writing tool that ever went to work in the office.

Another big exclusive: the new cone-shaped point that writes smoother, easier from any angle. Other great ball *PEN-cil* features: the slim wood

barrel that's light as a pencil; permanent ink that writes dry; nothing to twist, click or turn. And Venus now offers this great office favorite in 9 models—each designed for a specific writing job. 29¢, 39¢, 49¢, 59¢ each. Less by the dozen. Blue, black, red or green ink. Order from your stationer today.

VENUS ball *PEN-cil*®

*PAT. NO. 2,678,634

MAIL THIS FREE TRIAL COUPON TODAY

BA-5-59

Gentlemen:
Please send, for
department test-
ing, one sample
Venus ball *PEN-cil*,
style and ink
color indicated.

- Double Duty (39¢). Camel cartridge. Ink Color. _____
- for Stenographers (49¢). Camel cart. Ink Color. _____
- for Auditors (49¢). Camel cartridge. Ink Color. _____
- Regular (29¢). Ink Color. _____
- Super Fine (39¢). Ink Color. _____
- Reproducing (39¢). Ink Color. _____
- for Checking (49¢). Ink Color. _____
- Laundry Marker (59¢). Black Ink Only. Ink Color. _____
- Liquid Velvet (29¢). Erasable Liquid Graphite. Ink Color. _____

Venus Pen & Pencil Corp., Lewisburg, Tenn.

NAME _____ (please print)

FIRM NAME _____

ADDRESS _____

STATIONER'S NAME _____

Recognition



Recognition of the

NADA

USED CAR GUIDE

as the authority in the used car market is well known... and with good reason

FIRST IT'S LOCAL—published in 8 regional editions, to give the complete picture of conditions in your own trading area.

SECOND IT'S CURRENT—published every thirty days, to give you the facts and figures you need in your business every day.

THIRD IT'S COMPLETE—gives you the average wholesale value, average retail value and (in most areas) the average loan value.

Recognition

- New scale drawings of most imported cars makes recognition easier than ever before. This is in addition to visual identification features of domestic (1953-1959) makes and models.
- WITH ALL ITS SPECIAL FEATURES

Quantity Prices on Request

Still Only
\$2.00
per year*

**NATIONAL AUTOMOBILE DEALERS
USED CAR GUIDE CO.**

2000 K Street, N.W., Washington 6, D.C.



BRANCHES IN
PRINCIPAL CITIES

MOBILEHOME BROKERS EXCLUSIVELY

INDIANAPOLIS
6130 West
Washington
CH 1-3326

KANSAS CITY
7807 East
40 Highway
WA 3-1663

TULSA
8441 East
Admiral
TE 5-0283

WICHITA

2568 South
Broadway
LY 1-2061

DENVER

4825 West
Colfax
AL 5-6257

PHOENIX

3020 East
Van Buren
BR 5-8113

MIAMI

2501 N.W.
79th St.
PL 7-2012

LOS ANGELES

9800 Atlantic
(Southgate)
LO 7-2724

MOBRO

LIQUIDATES MOBILEHOMES FOR
BANKS and FINANCE COMPANIES

Communicate direct with nearest location, or General Office:
104 East Fifth St., Kansas City 6, Mo., Phone BALTIMORE
1-7721, for full information.

If you must liquidate a mobilehome, within reach of one of
our locations, we will arrange pick-up, advance any charges
and negotiate sale for your account.



main street (con't.)

L. F. WARD, from vice-president, First National Bank of Nevada, to vice-president, Firstamerica Corp., San Francisco.

WALTER R. COSTELLO, senior vice-president, retires after 50 years with Chicago National Bank.

JOHN BOYD STONE becomes president, First National Bank of Peoria, Ill., succeeding his brother, the late WILLIAM E. STONE, III; DEAN PROCTOR STONE becomes board chairman.

ERWIN J. LAUNER, vice-president and chief appraiser, Bank of America, San Francisco, retires after over 40 years in banking.

About Banks

FIRST NATIONAL BANK of LAFAYETTE, La., starts construction of bank's Northside branch, slated for completion this summer.

BREWSTER BANKING COMPANY merges into PEOPLES - MERCHANTS TRUST Co., Canton, Ohio, and becomes its Brewster branch.

(CONTINUED ON PAGE 76)

New 115-ft. weather tower beams for 35 miles over Dallas, atop Mercantile National Bank building. Equipped with 144 blinking lamps, a neon star and 22 neon rings, the tower burns 122,000 watts. For maintenance, an electrical technician climbs ladder on inside of tower for 70 ft., opens small door, and ascends to top on the outside, using the neon rings for footing



BANKING



4'-square PLEXIGLAS diffusers at Park Avenue office of a large New York City bank

PLEXIGLAS

...for lighting that stands out and stands up!

For lighting equipment that matches the beauty of a handsome interior, choose luminaires incorporating PLEXIGLAS® acrylic plastic. Then you can be sure of clean, uncluttered appearance, and highest efficiency in transmission and diffusion. You can also be sure these advantages will last, because PLEXIGLAS has freedom from discoloration, resists breakage, is a rigid material with a smooth, easily cleaned surface.

We will be glad to send you white translucent samples and a copy of our brochure, "Architectural Lighting with PLEXIGLAS".



Chemicals for Industry

**ROHM & HAAS
COMPANY**

WASHINGTON SQUARE, PHILADELPHIA 5, PA.

In Canada: Rohm & Haas Co. of Canada, Ltd., West Hill
Crystal Glass & Plastics, Ltd., Toronto.

THE NEW ENGLAND STORY ~ A REPORT FROM *The FIRST* IN ITS 175th YEAR

From 1784



In the age of the quill pen clerks laboriously recorded the Bank's every transaction by hand.



to 1959

In the electronic age The FIRST's new data processing system (biggest in banking) could record all the transactions for the year 1784 in less than 30 seconds.

JUST OVER 175 YEARS AGO . . .

Governor John Hancock signed the charter for New England's first bank. To the shrewd merchants of 1784, the bank meant a new source of funds to open wider horizons of trade. From this trade came new industries, new wealth, and the bank continued to find new ways to put this money to work. It helped its customers set off the industrial revolution . . . launch the great clipper ships . . . push the railroads across the continent . . . lead New England into a promising new era of plastics, chemicals, electronics, atomics.

Today, The First National Bank of Boston can look back on a career that spans the entire commercial history of the United States. From this vantage point the proud achievements of New Englanders come sharply into focus. This is the story The FIRST will tell in its 175th year. The story of New England. A story of creative people building a nation . . . and of a bank that has grown in strength and usefulness ever since that nation was born.

175 YEARS OF PROGRESS WITH NEW ENGLAND



MAY 1959

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

The OUTLOOK and CONDITION OF BUSINESS

THIS RECOVERY from the low point of last year was about as rapid as any recovery in our history, and it has plenty of momentum according to all indications—all but one, that is, which happens to be a most important one.

Business spending for plant and equipment, which is a measure of how much business is willing to wager on the future, lags behind the general trend.

On clear days some observers claim to see signs of an upturn. Others believe surplus capacity is the main factor and that business is waiting for demand to catch up. However, it is just possible that another reason could be the realization that taxes, costs, and inflation can play havoc with our international competitive position and our national economic growth.

Low depreciation allowances, heavy taxes, rising wages and costs of replacements are slowing down the whole process of keeping our industry as modern and up-to-date as possible. Leadership in adopting the new and scrapping the old has always been something we took for granted in the United States.

Other countries of the free world and even Russia, if we can believe her statistics, are in a better position right now than we are to take advantage of new manpower and time-saving equipment.

What is the point of spending X-billion yearly on industrial research if an inadequate depreciation allowance plus inflationary cost increases make it difficult or impossible for industry to use the results?

On the following page are a few samples in chart form showing the initial vitality of this recovery.

Among the factors which will determine how well sustained this rising trend will be, practically all of them are strongly favorable except spending for plant and equipment. This item is still doubtful. The latest forecasts we have from various surveys indicate little change in the second half of this year.

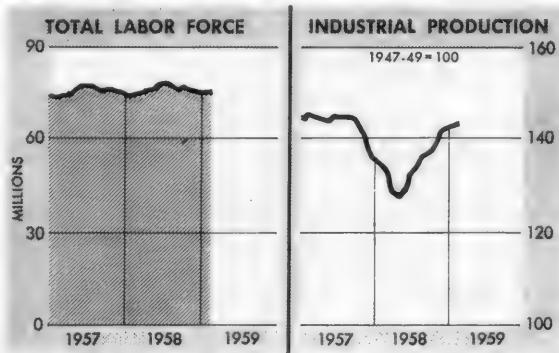
This is giving weight to the argument that low depreciation allowances under current tax regulations are a serious drag on recovery and on our long-term competitive position abroad, particularly against the communist economic challenge.

In research for new methods and new products, and in our willingness to change, the United States leads the world. But much of this pioneering effort is wasted if the tax laws make it more profitable to keep new discoveries in the pending file.

Other factors are involved, of course, such as higher replacement costs, but these are part of the same problem and the culprit is still the low depreciation scale of the present tax setup. Business is allowed to build replacement reserves only to the amount of the original cost even if replacement would need two or three times that figure.

This is virtually a tax on top of the corporate income levy of 52%, plus the tax that individuals pay on corporate dividends. It adds up to a tax load of more than two-thirds of the income of business.

In the first place, our figures on capital investments are misleading, in that 90% of it goes to replace existing facilities, not expansion and improvement.



The Adventures of \$10,000 Since 1950

THE investment of \$10,000 in 1950 would have shown widely differing profit-or-loss results at the end of 1958, depending on the investment medium used. Here we show what would have happened to such a sum if it had been invested nine years ago in farm land, or bonds listed on the New York Stock Exchange, or a 1-family dwelling, or the 2½% Treasury bond offered 5/5/42 to mature 6/15/62-67, or common stocks (based on the Standard & Poor's series), or preferred stocks (based on the same series). Of course, the purchasing power of the dollar itself has been changing, so that a 1950 dollar is now worth 86.51 cents.

Farm Land	Bonds on NYSE	1-Family Dwelling	2½% Treasury Bond
1950 \$10,000	\$10,000	1950 \$10,000	1950 \$10,000
1951 11,534	1951 9,854	1951 10,720	1951 9,587
1952 12,757	1952 9,512	1952 10,922	1952 9,514
1953 12,843	1953 9,549	1953 11,470	1953 9,617
1954 12,586	1954 9,599	1954 12,248	1954 9,711
1955 13,130	1955 9,770	1955 13,084	1955 9,411
1956 13,647	1956 9,478	1956 14,092	1956 8,822
1957 15,202	1957 8,942	1957 16,249	1957 9,399
1958 16,139	1958 9,260	1958 (est.) 15,000	1958 8,808

Figures showing how fast our industrial output is rising lately, compared with the Communist Bloc, strengthen our complacency (which doesn't need it) but obscure the stark message in certain other statistics bearing more directly on the race for economic superiority and survival.

The National Machine Tool Builders Association says that *Russia built 140,000 machine tools last year while we built 34,000*. Russia is also planning to increase this annual rate to 200,000 by 1965. Allowing for the possibility that Russian statistics are partly vodka, and that a statistician with plenty of percentages can prove that Ghana will pass U. S. in production in 1983, we still get an unfavorable picture if we simply look in our own mirror and forget about Russia.

In spite of the speed of recovery and the generally optimistic outlook for this year and next, the machine

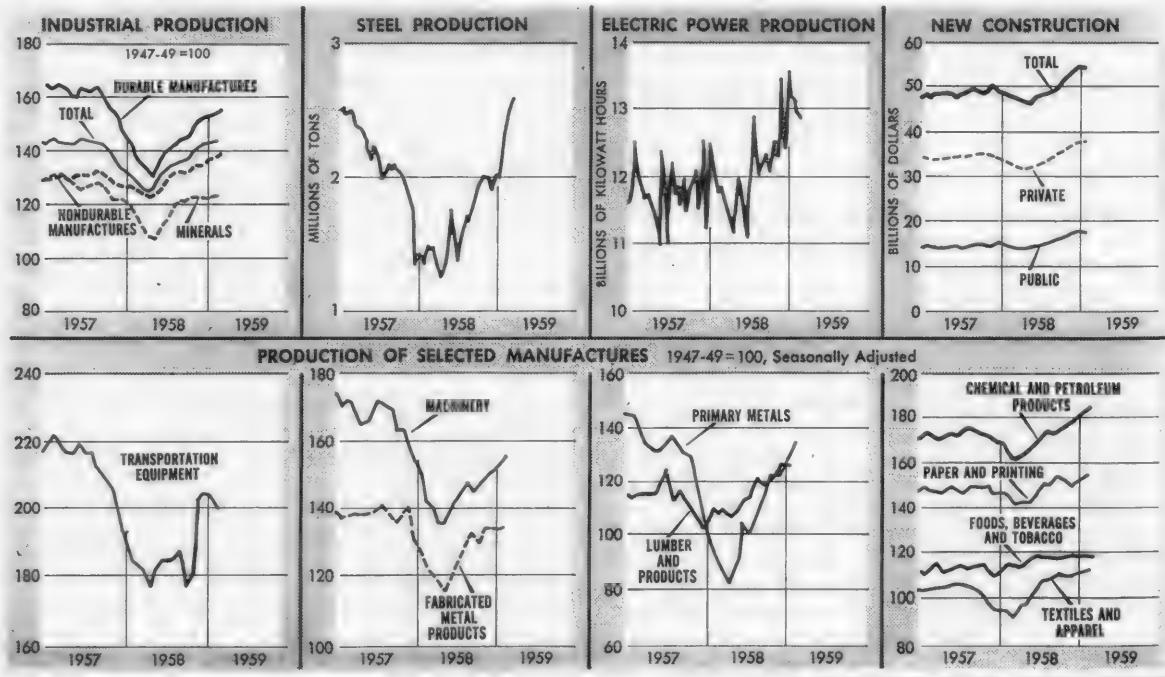
Common Stocks (S&P)	Preferred Stocks (S&P)
1950 \$10,000	1950 \$10,000
1951 12,143	1951 9,433
1952 13,315	1952 9,340
1953 13,440	1953 9,026
1954 16,136	1954 9,604
1955 22,005	1955 9,620
1956 25,337	1956 9,097
1957 24,120	1957 8,332
1958 25,130	1958 8,663

DATA FROM A.B.A. RESEARCH COUNCIL

tool industry expects only a very moderate improvement over the extremely disappointing totals for 1958.

The segment manufacturing cutting-type machine tools is operating at the lowest level in 10 years. The best they anticipate is about \$420,000,000 this year,

(CONTINUED ON PAGE 154)



BASED ON CHARTS OF JOINT ECONOMIC COMMITTEE

Washington

No Lack of Banking Legislation at the Session's Mid-Point

THOMAS W. MILES

BANKING legislation is very much the center of attention at the midway point in this First Session of the 86th Congress.

The bills revising the reserve requirements of Federal Reserve member banks (S. 1120 in the Senate and H.R. 5237 in the House) are moving right along through the legislative mill. They would appear at this writing to have a good chance of becoming law this First Session.

The bills, which are identical, would authorize the Federal Reserve Board to count vault cash as part of member banks' required reserves, to reclassify individual banks in central reserve and reserve cities to lower reserve classifications on the basis of character of business, and to reduce the range of reserve requirements for central reserve city banks from the present 13-to-26% to 10-to-20%. Senator William Proxmire of Wisconsin also has a bill, S. 860, which would simply authorize the counting of vault cash.

With surprising promptness on the third day after the Easter recess, April 9, the Senate Banking and Currency Committee ordered two important banking bills reported out of committee to the Senate. These are the reserve requirements and the merger bills.

In the reserve requirements, or "vault cash bill," as it is called, the committee eliminated the central reserve classification which applies to New York and Chicago. This puts the New York and Chicago banks on a par with the reserve city classification applying to banks in other large cities.

The House Banking and Currency Committee was scheduled to take up

the "vault cash bill" in executive session shortly after this is written. There is strong support on this committee, also, to eliminate the central reserve classification.

On the opening day after Easter Recess (April 7) Representative Paul Brown's Subcommittee 2 of the House Banking and Currency Committee started hearings on the "vault cash bill" which Mr. Brown introduced. There was a parade of witnesses from the bank super-

visory agencies, and a battery of three witnesses from the A.B.A., supporting Mr. Brown's bill. For the most part, they re-presented the testimony they had given earlier before the Senate Banking Committee.

Daniel W. Bell, chairman of the A.B.A.'s Committee on Legal Reserve Requirements, pointed out that the bill would strengthen the Fed and "help prepare the basis for a sound means of financing the nation's future economic growth."

Rep. Paul Brown (right) of Georgia greets three representatives of the American Bankers Association before hearing their testimony on reserve requirements legislation. The three bankers are (left to right) M. Monroe Kimbrel, executive vice-president, First National Bank of Thomson, Ga., Daniel W. Bell, chairman, American Security and Trust Company, Washington, D. C., and David M. Kennedy, chairman, Continental Illinois National Bank and Trust Company of Chicago. They supported H. R. 5237, introduced by Rep. Brown, which would provide, among other things, for the counting of vault cash as part of legally required reserves. Mr. Bell is chairman and Mr. Kimbrel and Mr. Kennedy are members of the A.B.A. Committee on Legal Reserve Requirements



RENI FOR BANKING

AVERAGE \$4,500 - A -YEAR MAN
works 22 days per month . . .

	TAXES - 7 days
	... Clothing 2 days
	House-Furniture 4 days
	... Transportation 2 days
	... Medical Expense 1 day
	Recreation 1 day
	Food 4½ days
■	... RIOTOUS LIVING !!! ½ day



Mr. Bell, who is chairman of the Board of the American Security and Trust Company in Washington, stressed the need of the nation's growing economy for the additional bank credit, deposits, and currency that the bill will gradually make available.

The second A.B.A. witness, David M. Kennedy, chairman of the Continental Illinois National Bank and Trust Company of Chicago, observed that member bank reserve requirements are important today not so much for purposes of liquidity as for the fact that they are "an essential part of the mechanism through which the Federal Reserve can influence credit conditions and thereby influence prices and economic activity."

The chairman of the A.B.A.'s legislative committee, M. Monroe

Kimbrel, who is executive vice-president of the First National Bank of Thomson, Ga., directed most of his testimony in support of the vault cash provision. He said:

"In all relevant respects vault cash and reserve balances are interchangeable and should be treated alike for legal reserve purposes.

"Permitting banks to count vault cash against their legal reserve requirements would affect all member banks, but especially the thousands of small banks—the First National of Thomson, for example—which generally have to hold fairly large amounts of currency (relatively speaking, of course) for operating purposes.

"Most of our customers tend to be smaller ones—farmers and small business borrowers. We expect, therefore, that the enactment of the

vault cash provision would improve the availability of credit to these small borrowers of ours."

Although the representatives of central reserve city banks in New York and Chicago supported the "vault cash bill," they urged the elimination of the central reserve city classification for New York and Chicago. They insisted that they be put on a par with reserve city banks so that they would not be obliged to carry more reserves against their deposits than banks in the 49 reserve cities.

New York, Chicago Witnesses

The 14 banks in the New York Clearing House Association had three witnesses at the hearings in each house. The Chicago banks did, too.

Representing the New York Clearing House Association were Harold H. Helm, chairman, Chemical Corn Exchange Bank, Roy L. Reierson, vice-president, Bankers Trust Company, and William C. Pierce, counsel.

They maintained that the central reserve city classification is obsolete and pointed out that bank reserves function today as "a tool of credit policy." For that reason, they contended, the central reserve city classification would not affect the efficacy of reserve requirements as a tool of credit policy, nor the freedom and scope of action of the Federal Reserve in carrying out its policy.

Speaking for the Chicago banks were James J. Saxon, attorney for the First National Bank, George R. Boyles, president, Merchants National Bank, and Beryl Sprinkel, economist for the Harris Bank & Trust Company.

Mr. Saxon called attention to the development and growth of cities other than New York and Chicago into major financial centers. Of the 25 largest banks in the country, he noted that 14 are in the reserve cities of San Francisco, Los Angeles, Pittsburgh, Detroit, Boston, Cleveland, Philadelphia, and Dallas. He declared:

"All of these large banks are housed in cities classified as reserve cities and therefore subject to the lower reserve requirements applicable to reserve city banks. Three of these reserve cities (Los Angeles, Philadelphia, and Dallas) each have two banks among the 25 largest banks.

"One reserve city, San Francisco, has four banks among the largest 25. The largest bank in the country, The Bank of America, it may be noted, is located in San Francisco, a reserve city.

"The First National Bank of Chicago and the Continental Illinois National Bank and Trust Company are the only two Chicago banks among the first 25, and these two banks rank eighth and tenth, respectively. Two of the 14 reserve city banks rank higher among the first 25 banks than either of the Chicago banks."

Balderston Testimony

Vice-chairman C. Canby Balderston of the Federal Reserve Board addressed an important part of his testimony at the House hearings to the argument made by the central reserve banks of New York and Chicago for the elimination of their special classification.

Governor Balderston contended that the proposal to abolish the central reserve city classification is much more sweeping than the provision in the pending bill to lower maximum and minimum figures for central reserve city banks. He added that there would be a re-alignment of requirements that would alter long-established relationships among banks. He said:

"More fundamentally, the Board feels that differentials in requirements among banks are desirable for purposes of effectuating monetary policy."

Senator William Proxmire of Wisconsin questioned Governor Balderston about the possibilities of the vault cash provision giving banks a "windfall." Governor Balderston's statement apparently anticipated the point because he said:

"To add approximately \$2-billion to reserves at a single stroke by counting all vault cash as reserves without other action would, of course, not only add greatly to the total supply of reserves, and consequently to the lending potential of the banking system, but also would distort existing differentials in reserve requirements as between classes of banks.

"It would therefore be necessary to put any such change into effect gradually, and perhaps to offset it in part by adjustments in the reserve requirement percentages. Thus, when initiating the change,

the Board could permit member banks to count as part of their required reserves either all of their vault cash or only a specified portion."

Mr. Bell, in answer to a similar question from Senator Proxmire, agreed that the bill might result in better earnings for banks. But in comparison with other industries the earnings of banks are relatively low, he pointed out, and should be raised.

Merger Bill

In the merger bill (S. 1062) which the Senate Banking Committee ordered reported out, a significant change was made. As introduced, consultation with the Department of Justice by the Federal bank supervisory agencies over proposed mergers was discretionary. But, as reported out, this consultation was required.

In effect, it would work like this: The Federal bank supervisory agencies must ask the Attorney General for a report on the competitive factors involved in a proposed merger. The Attorney General must answer, normally, within 30 days; in an emergency within 10 days; and, where an imminent bank failure is involved, the bank supervisory agencies may dispense with consulting the Attorney General and meet the situation. The action by the Senate Banking Committee followed close on the heels of another new and complicating factor in the progress of the merger bill.

This was the announcement by the Department of Justice of the filing in the United States District Court for the Northern District of California of a civil antitrust complaint challenging the legality of the acquisition by Firstamerica, the

country's largest bank holding company, of the stock of the California Bank in Los Angeles.

The announcement was a surprise here and its timing, March 30, was such that it was bound to have an impact on the legislation. This move by the Justice Department, the first of its kind against a bank, was not considered a mere coincidence.

The role of the Justice Department in bank mergers was a point at issue in the Senate hearings. The Federal bank supervisory agencies, the A.B.A., the National Association of Supervisors of State Banks, and the Association of Registered Bank Holding Companies were agreed that the Justice Department had no proper business in a service industry as highly regulated as banking. A banker put it this way:

"Bank mergers should not be regulated by an agency steeped in the theory of unlimited competition."

But Representative Emanuel Celler of New York wanted to require that the Justice Department pass on all bank mergers. He was not satisfied with using as a criterion the determination whether a proposed merger would lessen competition "unduly." Mr. Celler sought to apply the test of the Clayton Act—that is, whether a merger would "substantially" lessen competition.

Not only did Mr. Celler testify before the Senate Banking Committee but he had his statement placed in the appendix of *The Congressional Record* and implemented it by introducing a bill (H.R. 4155) incorporating his proposals.

His bill is pending before the House Banking Committee, where a counterpart bill to the Robertson-Fulbright-Capehart bill has also been introduced by Representative Clarence E. Kilburn of New York.

Shibboleths Men Live By

In the course of his exposition before Representative Wright Patman's Subcommittee 3 of the House Banking and Currency Committee, at hearings on the Area Redevelopment Act, Walter Reuther, president of the United Automobile Workers Union and chairman of the AFL-CIO Economic Policy Committee, had this to say about banking:

"... we have got really a bankers' holiday in this country. Inside the labor movement there are several unions that operate banks, and these fellows tell us what goes on in the banking community, and they tell us it is just scandalous how easy it is to make money if you are a banker."

Mr. Reuther's comments were of special interest in Washington where John L. Lewis and his United Mine Workers are among the Capital's biggest bankers.

But when Chairman Brent Spence of Kentucky will bring the merger legislation up before his House Banking Committee was not known at this writing.

The Justice Department suit charged that the effect of carrying out a planned merger or consolidation of Firstamerica's California subsidiary, First Western Bank and Trust Company of San Francisco, with the California Bank would violate Section 7 of the Clayton Act as well as Section 1 of the Sherman Act. Section 7 applies the "substantially"-lessen-competition criterion above-mentioned.

Bills to Amend National Bank Act

Two bills amending the National Bank Act were scheduled for hearings shortly before this May issue of BANKING comes out. The bills, H.R. 6092 and H.R. 6093, were introduced by Representative Paul Brown of the House Banking and Currency Committee.

The first one would increase from 66 2/3% to 75% the maximum loan-to-value ratio of 20-year fully amortized real estate loans by national banks. Other features would do these things:

(1) Authorize national banks to make 18-month construction loans

for industrial and commercial purposes without regard to real estate loan limitations, and raise to 100% of capital and surplus the over-all limitation on construction loans for industrial, commercial, residential, and agricultural purposes.

(2) Authorize national banks, apart from real estate loan limitations, to make industrial loans relying on the credit status of the borrower and to take a mortgage on the industrial plant as an additional security.

(3) Clarify the authority of national banks to make consumer instalment loans and increase from 10% to 25% of capital and surplus the limitation on certain loans secured by frozen foods and dairy cattle.

(4) Authorize two additional Deputy Comptrollers of the Currency.

Mr. Brown regards his second bill as a recodification measure. It would eliminate obsolete provisions in the National Bank Act and make a number of minor substantive changes. The effect of this measure would be to clarify and modernize the statute. Its provisions were in the ill-fated Financial Institutions Bill.

Quite a hassle developed over the bill to increase by \$4.550-billion this country's contribution to the World

Bank and International Monetary Fund. It was one that still was not resolved at this writing.

The Senate passed the bill all right, by a vote of 73 to 10, but it placed a restriction on the use of the additional \$1.375-billion for the Fund until after this July 1 which, in effect, charges it to the Administration's precariously balanced 1960 budget.

The House went along with the Administration's request that the expenditure be charged to the 1959 budget, which is already in heavy deficit. The vote was 315 to 17. Chairman Spence of the House Banking Committee led the fight on the floor for this feature, which was recommended by his committee.

On the next step the bill goes to a conference of the Senate and House. The only issue there is whether this item will be charged off to an old budget which is at least \$12-billion overdrawn or to the new one whose fine balance the Administration is fighting to keep.

The \$3.175-billion for the World Bank does not involve expenditure of funds because it would be a guarantee only. The \$1.375-billion for the Fund, however, would entail a gold contribution of \$344,000,000 and the balance in noninterest bearing dollar notes, but all of it would be in the budget as a debit item.

Private Investment Abroad

The special report prepared by Ralph I. Straus (R. H. Macy & Co., New York) for C. Douglas Dillon, Under Secretary of State for Economic Affairs, to stimulate private investment abroad contained a recommendation for large U. S. banks with branches overseas. These banks, which normally operate through branches rather than foreign subsidiaries, are denied the tax advantage of operating through foreign subsidiaries.

Accordingly Mr. Straus urged that "branches abroad of U. S. banks be permitted to treat their foreign branches as FBC's [foreign business corporations] for tax purposes, under appropriate accounting regulations, in the event that such branches would qualify as FBC's if separately incorporated."

About the time this May issue of BANKING is published, perhaps shortly before, the Administration should settle on the broader issue

(CONTINUED ON PAGE 118)

Bank Earnings —

Outlook for a Safety-Plus-Growth Industry

HERBERT BRATTER

THE advance contingent of first quarter bank earnings reports from big city banks tend to confirm earlier opinion that 1959 as a whole will be a very good year for banking. At the same time the reports reflect banking's continuing problem: rising expenses. While the first half-dozen big banks to issue their quarterly figures reported gross earnings up, two reported a small decline in net operating earnings as compared with a year earlier.

Earnings of big banks are not necessarily depictive of the national situation. Many different elements of income and expense go to make up net earnings. The incidence of the factors varies from bank to bank, according to size, geographic location, local economic growth or decline, the existence or absence of branch banking and bank holding companies, and the like. But in greater or lesser degree banks throughout the country are affected by general conditions, one of which is the continuous uptrend of wages, salaries, and all other operating expenses.

A major condition in today's banking outlook is the fact that the economy of the nation, despite unemployment and depressed areas, has been strong and displays no significant signs of weakness. The "inventory recession" ended last year, and the metalworking industries have been rebuilding inventories, which requires money and tends to increase the demand for bank loans. The increasing possibility of a steel strike this summer and of perhaps

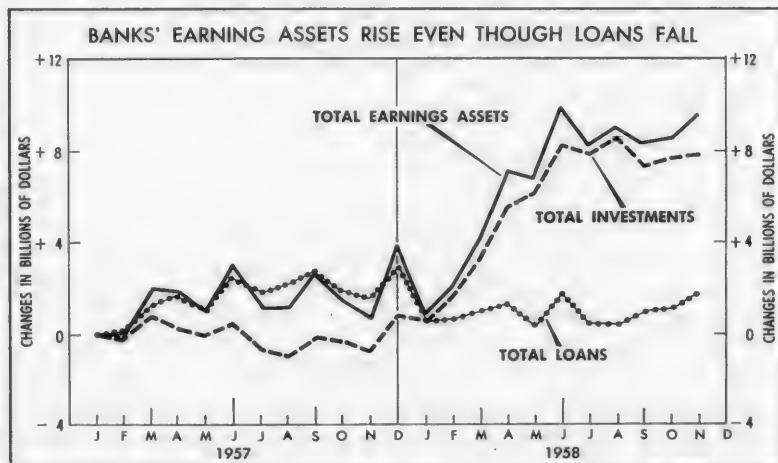
other strikes in additional basic industries where labor contracts are expiring has given an added spur to inventory build-up during the early months of 1959. This most likely will be followed by a slackening during the third quarter; but the fourth quarter is expected to be strong again and, from the standpoint of the gross national product, 1959 should add up to a very good business year.

In autos and housing, two fields where credit is important, the signs, as we write, are very good. Year-end prognostications of a 5,500,000-car year seem certain to be achieved,

and it is becoming the view in the automobile industry that this estimate may well be exceeded. Housing also is having a good year, the statistics show, and last November's Government forecasts for this industry now seem a bit on the low side. For money lenders this is reassuring.

Mortgage Market Question

The housing industry at this writing is, of course, waiting to see just what kind of legislation Congress enacts and the President approves. The Senate and House have yet to arrive at a meeting of minds. What



Arthur Wiesenberger and Company published this chart with the comment: "Though hurt by a contraction in loan volume and a lower average rate of loan interest, banks managed to expand their total earning assets greatly [in 1958] . . . This is no paradox. Reduced legal reserve requirements plus a sharp build-up of individual savings and foreign time deposits enabled banks to enlarge their security portfolios (U. S. Government obligations, tax-exempt state and municipals). Increased earnings from these investments tended to offset the decline in loan income"

Bank Deposits Exceed One-Quarter of a Trillion Dollars

For the first time in the history of U. S. banking, total deposits now exceed a quarter of a trillion dollars.

This fact is reported in the first 1959 edition of the *Rand McNally International Banker's Directory*, which has just been issued with a consolidated recapitulation of bank liabilities and resources as of December 31, 1958.

The *Directory* reveals that during the past six months bank deposits have risen from \$243-billion to a total of \$252-billion, an increase of \$9-billion.

The *Directory* also reveals that, for the second time since 1954, U. S. corporations and individuals are increasing their bank deposits at a faster rate than their borrowings. While deposits rose \$9-billion, total bank loans increased only \$3 1/3-billion, from \$119,442,804,000 to \$122,805,690,000, during this period.

Insured Banks' Assets Up 7% in 1958

TOTAL assets of all insured banks rose 7% to nearly \$268-billion during 1958, Chairman Jesse P. Wolcott of the Federal Deposit Insurance Corporation has announced. This was more than twice the rate of growth recorded in 1957, when they increased 3%.

Deposits advanced likewise, and amounted to \$242-billion at the end of 1958. Capital and surplus accounts totaled almost \$21-billion, and miscellaneous liabilities exceeded \$4-billion.

The 18,365 insured banks in operation at the end of 1958 held approximately 96% of the assets and deposits of all banks in the nation.

Assets of the 18,124 insured commercial banks totaled \$237-billion on December 31, 1958. Two-thirds of the \$16-billion growth during the year was in securities, and one-fourth in loans, in contrast to the pattern of recent years.

The \$11-billion increase in holdings of securities brought such investments to \$86-billion. Holdings of United States Government obligations rose 14% to \$66-billion, while investments in municipal obligations advanced 19% to \$16-billion. Other securities were unchanged at \$4-billion.

The \$4-billion growth in loans during 1958 raised them to \$98-billion. The greatest relative increase was in loans to farmers; they advanced 22%. Loans for carrying securities were up 11%. Real estate loans as a whole were 9% greater, although those on residential properties insured or guaranteed by the Veterans Administration were 7% smaller. Commercial and industrial loans were virtually unchanged from the beginning of the year, as were consumer instalment loans.

Deposits of the 241 insured mutual savings banks reached \$27-billion on December 31, 1958, an increase of 9%. Nearly all of the additional deposits were invested in real estate loans, which rose 11% to \$19-billion. All classes of residential real estate loans were greater; those insured by the Federal Housing Administration were up 18%, those by the Veterans Administration 10%, and those not insured or guaranteed, 8%.

State Bank Resources at New High

TOTAL assets of state-chartered banking institutions on December 31, 1958, exceeded \$147,000,000,000, representing a 7% increase during the year, according to Randolph Hughes, president of the National Association of Supervisors of State Banks. Mr. Hughes is also State Bank Commissioner in Delaware.

This was an all-time high for the state system. Totals in nearly every category indicated substantial increases.

Year-end figures for 1958 show an increase of \$7-billion on time and demand deposits, rising from \$106.76-billion to \$113.90-billion.

Loan volume continued to expand. Total loans and discounts at the year-end amounted to \$69.11-billion, compared with \$65.21-billion, an increase of 5.98%.

Cash accounts of state-chartered banking institutions increased 2.43%, reaching a total of \$23.06-billion.

Holdings of Government bonds were \$37.75-billion, compared with \$34.50-billion at the end of 1957.

Investments in obligations of state and municipal governments increased 18% during the year, and amounted to \$8.42-billion.

Capital funds increased 5.96% during the year, and amounted to \$12.03-billion on December 31, 1958.

to provide in the way of a secondary market for mortgages is one of the undetermined points.

Money generally is tight and interest rates firm. There is no sign on the horizon of any significant change in this regard. The Federal Reserve System switched from a policy of monetary ease to one of firmness as soon as it became evident that the 1957-58 recession had turned the corner, and firmness continues to be the watchword there. Both the Federal Reserve Board and the Administration are more worried about inflationary pressures than are some others in and out of the Congress and by word and action are "leaning against the wind."

Since Federal Reserve discount rates have been increased only recently, interest rates charged by banks to borrowers promise to continue as a strong element in the bank earnings figures for the remainder of 1959. A high rate of return and a bigger volume of loans and investments are a good combination for banking. Total assets of all insured commercial banks, following a 1958 increase of about \$16-billion, fell off somewhat in early 1959 but are expected to be up again by the end of this year.

Time Deposit Interest

While high interest rates are presently a supporting influence on bank earnings, they are also an item of expense in relation to time deposits. During 1957-58 interest rates paid on time deposits increased quite sharply. Whereas before 1957 the most common rate on time deposits was less than 2%, it is now from 2 1/2% to 3%. Under Federal Re-

(CONTINUED ON PAGE 142)

Ratio of Interest on Time Deposits to Total Time Deposits

(in percent)

All member banks	1954	1.30
	1955	1.36
	1956	1.58
	1957	2.08

Central reserve city member banks	1957:	
New York		2.18
Chicago		1.71

Reserve city member banks 1957	2.21
Country member banks 1957	1.97

SOURCE: *Federal Reserve Bulletin*, June 1958, p. 715.

The Democratic Process Belongs to Those Who Use It

WILLIAM A. McDONNELL

WILLIAM A. McDONNELL is immediate past president of the Chamber of Commerce of the United States and chairman of the board, First National Bank in St. Louis. As head of the Chamber, he took an active part in its efforts to have businessmen and bankers interest themselves in practical politics.

Demonstrate Accurate Knowledge

WE deem it to be the obligation of every good citizen to know what is going on in the Congress, what is being proposed in the way of legislation, and what effect it would have on the country and our free market system if enacted.

The communications which count with the Congress come from voters who know what they are talking about. These communications may be letters. They may be telegrams. They may be phone calls, but the rule holds true. The communications must be personal. They must demonstrate an accurate knowledge of the issue.

Constant Chipping Away

We have managed, so far, to protect the essence of our American competitive enterprise system, but politically active forces which either actually want socialism or who are willing to accept it to achieve their personal ends, are constantly chipping away at the institution and structure of the free market.

We in business and in the management field in general will not be giving our best to the perpetuation and improvement of our economic system, and the well-being of the nation as a whole, until we become far more politically active than we are today.

Governments Dominate Economics

We are living in a world in which governments dominate the economic scene. Their spending determines whether full employment prevails; their taxes influence countless decisions; their policies control international trade; and their domestic regulations extend into almost every economic act.

In the dictator countries, of course, this domination is complete. . . .

Politics Shapes Government

Even in this country where we pride ourselves on our so-called free market, government's influence on

the economic scene is considerable. And it is politics which shapes the character of our government and the nature of the legislative rules and regulations under which we handle our business affairs.

If we don't like the present trends in government, there is only one answer. We must take an active part in shaping those trends. We must participate in politics.

If we look around us, we can see that effective political leadership is being exercised by certain groups. There are powerful political elements in our midst today who are highly skilled in wringing the utmost personal advantage out of the democratic process.

Follow the Democratic Process

Organized labor, for example, is one group which has recognized that the democratic process belongs to those who use it. It is exploiting every chance for political action that it can find.

We may deplore some of the methods that labor is using, and we may deplore the goals it seeks, but no one can realistically object to the right of labor to follow political avenues towards its own aspirations.

Two Projects for Businessmen

If businessmen are to have the kind of government which is fair to the business community—government which preserves the integrity of the dollar and the free market system—government which provides for equality with organized labor at the bargaining table—if we are to have that kind of government, businessmen must do two things:

First of all, we must do our best to mold public opinion in favor of that kind of government by the dissemination of economic intelligence through every avenue available to us—business and industrial communications, annual reports, company publications, advertisements, and employees' training programs.

Secondly—and what is equally if not more important—businessmen must participate more actively in the realm of practical politics. Too many businessmen are overcome by political timidity.

Business in a Broader Sense

Our business is *business*, but our business is also public affairs—politics, government, legislation—and there is no escape from that responsibility if our productive, abundant economy is to survive and prosper.

“Check Credit”

Test Before You Leap

RICHARD L. KRAYBILL

Being first in the field has some advantage, but it can be lost by too hasty action. Here are signposts the wary will observe as they follow along the crowded road to Check Credit

THE wave of enthusiasm for Check Credit is attracting more and more bankers to this type of service. Every day additional banks join the fast-growing number of those offering customers a revolving line of credit against which they may draw by merely writing a check. But experience has taught them that it takes more than enthusiasm to make this a success.

Experience is a great teacher and that's where BANKING went for the answers to questions that bankers should ask about Check Credit. It was not too surprising to find general agreement among the successful bankers on the best way to approach it. Here are the points they felt were most important in that critical period before a bank offers Check Credit to its customers.

Why Offer It?

First, ask yourself just why you want to offer Check Credit. If it's for the publicity value or the convenience of a few selected customers, it can be a part-time job for one man. Limit it to a few hundred accounts and it can be run with virtually no problems, no headaches—and no profits.

Most bankers will want to offer it for a profit. Or because competition is forcing them into it. In either case it must be a profitable operation and that means it must be a volume operation.

Now ask yourself if you're ready to go into this in a big way. One

key to the answer lies in the personal loan volume. If the present volume is limited, if it hasn't really tapped the market, there may be very little to gain by offering Check Credit. The consensus: Don't try to add something new if you haven't exploited what you already have.

What's the Potential?

While looking at the personal loan volume, it might be well to analyze the makeup of your present portfolio. A review of the size and terms of current loans along with past credit and collection experience can be very helpful in setting up a Check Credit plan in line with other bank services and the needs of the community.

This analysis may also provide a clue to the profitability of the operation. If it looks as though the average Check Credit line might be well under \$400, the going could be rough. But the final decision will have to rest more on common sense than on statistics. The experience of comparable banks plus your own knowledge plus a good hunch add up to the best answer.

A repeated word of warning was, "There are no magic formulas for measuring profits or potential." Don't get bogged down with estimates of costs and forecasts of anticipated volume. It's enough to be reasonably sure the market is there and that you have the determination and facilities to go after it.

This leads directly into the ques-

tion of facilities: personnel and equipment. Check Credit is not a part-time job, but it often involves the part-time use of a number of people. When it is initially offered there will be a big need for investigators to cover the surge of applicants. After this the burden will begin to fall on accounting and billing operations.

A suggested approach is to have one man responsible for the entire service. Under him would be a basic staff and, behind the staff, a reserve corps from other departments who could be called upon temporarily when and as needed. Members of this reserve corps could be transferred to the Check Credit section on a permanent basis if it became necessary to increase the basic staff.

Is the Manpower There?

The number of people needed depends a good bit on how the bank's operations are organized. For example, you can process 1,000 accounts electronically on a computer in about a minute; to handle the same accounts manually would take two or three people a whole day. That sounds like a good argument for automation, and it is worth considering as the service expands. But, many warned, shy away from capital expenditures before the program has been running and you've accumulated some first-hand experience with it.

So far as basic equipment is con-

cerned, most banks get along with what they have. Of course, new forms must be prepared and some adjustments will be necessary to handle the accounting and billing. These adjustments can generally be made by adapting present equipment rather than acquiring new equipment.

Who Will Handle It?

Now ask where this activity can best be centered. The answer may solve some of the adjustment problems. Just because it has the surface appearance of a check handling operation doesn't mean it should go into the special checking department. Most banks have found it comes a lot closer to an instalment loan operation.

There is no pat answer to whether it should be a separate department or set up as a section within an existing department. That's largely a matter of internal organization. But having it physically located where temporary workers from the reserve corps can be easily shifted in and out is an advantage.

How about the plan itself? There are lots of variations, but there are three basic elements that should go into any plan. (1) It must meet the legal requirements; (2) it must be tailored to meet the customers' needs; and (3) it should be as simple as possible.

Is It Legal?

The legal obstacles can be troublesome because many states have laws that are fuzzy about this type of service. Following the adage that it is better to be safe than sorry, most banks prefer the support of more than one legal opinion in areas where doubt exists. This is still new enough in most states to warrant a double check on its legality even if other banks in the state have come out with a similar plan.

A properly tailored plan is usually one that starts with your own personal loan figures. From these it is not too difficult to determine the credit limits, the terms, and the interest rates that will fit your customers' needs. Most banks found that customers were willing to pay a little more for the convenience of this service than for the more conventional type of personal loan.

Simplicity was stressed as an aid in educating the public. Try to fix the terms, the rates, and the dollar

amounts in nice round numbers as much as possible. One bank decided on a 20-month term and the decision was based partly on the fact that "almost anybody can multiply or divide by 20." Don't let simplicity be the sole criterion, but don't overlook it entirely.

The next question has to do with public relations and it starts right inside your bank. To put this program across will require the enthusiastic support of everyone—not just those responsible for it. Misunderstanding can cause more trouble than miscalculations.

Keeping your own people informed is the best way to cure their curiosity and eliminate fear before they can grow to serious proportions. One banker confided that he could have used one man full time just to answer the questions asked by people within the bank. "And the good it would have done would have more than justified the expense," he added.

How Much Publicity?

The communications should not be limited just to the people who might be called upon from time to time to help with the Check Credit service. Every employee should get periodic progress reports and should have an understanding of what this new service does.

The outside public relations and advertising program is equally important. In virtually all cases the public will require a certain amount of education before the service is offered. There is a great temptation here to attract attention by announcing the date when the service will be offered. "Handle with care" is the word of warning.

A published promise of the date it

will be offered can be very embarrassing to the bank that strikes a snag. "Don't say when," one banker advised, "until you *know* when." Some suggest no publicity until it's ready to be offered. Others feel that some preliminary information is helpful. But they generally agreed that a bank should not commit itself to a particular date publicly if it can be avoided.

That means the advertising should be closely coordinated with the service. The closer it comes under the control of the man responsible for Check Credit, the less chance there is for the timing to go awry.

What kind of advertising program should be followed? Everybody has his own ideas about that. The common denominator in all answers was: Follow the program that will pull in the greatest number of acceptable applicants. This could mean newspaper coupon ads, direct mail, radio, television, or combinations of these.

And finally, bankers should ask themselves, "What have I overlooked?" Because of the many variations possible in the plans, no checklist could cover all the contingencies. Here are some that were suggested. They're in the form of questions, but the important point is not *what* you've answered but *whether* you've answered.

How About Details?

Will the checks be returned to the customer?

Can the checks be easily identified as "credit" checks?

How will we handle an "overdraft"?

Can a "credit" check be used to pay a monthly instalment?

Does the agreement permit us to terminate an account?

What are the reasons for terminating an account?

Can we really get the bills out on the scheduled dates?

How many trained reserves do we have that can actually be available at a moment's notice?

Will we handle joint accounts and include life insurance?



"I don't care *how* you spend my salary . . . just *how often* you spend it!"

BETTER METHODS & SYSTEMS

Look,

Listen,

Remember

THIS is a brief report on what the banking business is doing about holdups. In it you'll find some suggestions, based on actual practice, that may help your bank strengthen its defenses.

In the past few weeks representatives of New York City banks, several of which had recently been visited by bandits, met with law enforcement officers to discuss ways to check these crimes.

New York's Chase Manhattan Bank has a leaflet, the title of which we borrowed to head this report. "Look, Listen, and Remember" is a little 4-pager, inexpensively produced, aimed at assisting employees to make prompt, complete records of their observations of bandits. The purpose is to ensure physical descriptions that have followup value.

The Virginia Bankers Association's Committee on Bank Protection and Insurance has published a booklet, "Bank Robbery Counter Measures," suggesting actions to be

A Few Protective Measures

HERE are a few general defensive measures against holdups:

- Enlist the cooperation of law enforcement agencies—Federal, state, and local—in setting up and maintaining your protective program. Remember, the Insurance and Protective Committee of the American Bankers Association is ready with its expert help, too.
- Read the A.B.A. *Protective Bulletin*'s special articles on defensive procedures.
- Train your staff on what to do if there's a holdup. Emphasize the need for accurate descriptions of the bandits' appearance, methods, getaway car, etc.
- Keep your procedure a staff secret. Defense against holdups should be highly confidential.
- Modern protective equipment is, of course, essential. But the first line of defense is the staff. Be sure it knows what to do when trouble comes.
- Limit the possible loot by keeping under timelock cash that isn't needed for the tellers' normal operations.
- Avoid such unnecessary risks as needless exposure of cash, understaffing of the bank, inadequate protection of doors and windows. Much information is available on this subject.

taken during and after an attack. Preventive measures are also noted.

Seattle-First National Bank, Seattle, Wash., has the useful "Help! I've Been Robbed!" a reprint of articles in its house organ outlining the bank's authorized procedures in the event of a holdup, methods of getting accurate descriptions, and security measures to prevent robbery and minimize losses.

At the Provident Institution for Savings, Boston, a simulated but realistic "holdup" staged by Massachusetts state police provided a lively demonstration at a staff conference on protective routines.

Of importance to all banks is the series of articles currently appearing in the A.B.A.'s monthly *Protective Bulletin*. Subjects include bank plans for defense against bandits, staff training, lone banditry, kidnapping bankers as a prelude to robbing banks, decoy money, publicity, messenger protection, and ap-

proved devices to frustrate holdups.

Also, a number of banks now have hidden cameras to photograph bandits at work.

Conferences in New York

Sixty New York bank and loan company officials attended an early spring conference called by Queens County District Attorney Frank D. O'Connor to discuss ways to check banditry. (Incidentally, he reported that 15 minutes earlier there'd been a holdup at a loan office in the county!) Those present included New York's Police Commissioner Stephen P. Kennedy, and Alton Bryant, assistant special agent in charge of criminal investigation in the FBI's New York office.

A similar meeting was held at the call of Richmond County District Attorney John M. Braisted, Jr., on Staten Island, and as this was written plans were under way for a meeting in Manhattan.

JOHN L. COOLEY

Before the Bandits Arrive

Articles in the *Protective Bulletin* by Herman Beppler, of the A.B.A. staff, have emphasized that protection should be planned and directed; it's a man's-size job, and preferably an officer should be assigned to it.

"All personnel should be trained in the immediate and proper use of the bank's mechanical protection," said Mr. Beppler. "What we do when the bandits arrive depends to a large extent upon what we did *before* they arrived."

Several lessons in personnel training are suggested. Mental preparation for attack is important; people react more readily to training than to their own judgment in a delicate situation. Conduct periodic drills in the use of the bank's protective equipment. Stress the importance of getting a complete description of one robber rather than generalities on several. Each witness should be required to write a description of one or more bandits so that he will not be influenced by the accounts provided by others.

After a holdup, guard the area carefully so that fingerprints will not be disturbed. Compile a detailed narrative immediately. Get the names of all customers present.

Look around carefully for evidence of what gave the bandits the idea that your bank was good for a "touch." Was it laxness in tending doors and windows? Was the cash displayed carelessly? Was the bank understaffed at the lunch hour or other time?

Mock holdups can be good training measures, but they should be preceded by a talk to the staff on

PHYSICAL DESCRIPTION						
COLOR	SEX	NATIONALITY	AGE	HEIGHT	WEIGHT	
BUILD	COMPLEXION		NAIL		EYES	
(THIN, STOCKY, ETC.)	(LIGHT, DARK, Ruddy, ETC.)		(COLOR, WAVY, STRAIGHT, NAIL LENGTH)		(COLOR, SMALL, LARGE, ETC.)	
NOSE	EAR	(LARGE, SMALL, BROAD, ETC.)	(PROTRUENT, SMALL, ETC.)	GLASSES	(LINES IN EYES)	MUSTACHE OR BEARD
(LARGE, SMALL, BROAD, ETC.)						(THICK, SHARP, ETC.)
MASK OR FALSEFACE	(TYPE, COLOR, ETC.)		SCARS OR MARKS		TATTOOS, BIRTHMARKS, FACIAL BLEMISHES, ETC.)	

DISTINGUISHING CHARACTERISTICS

HOW WOULD YOU PICK THIS PERSON OUT OF A CROWD?

CLOTHING		HISCELLANEOUS	
(DESCRIBE COLOR, TYPE OF MATERIAL, STYLE, ETC.)		WEAPON EXHIBITED	
HAT		(REVOLVER, AUTOMATIC, KNIFE, ETC.)	
OVERCOAT		SPEECH	
RAINCOAT		(ANY ACCENT, FIDELITY OF SPEECH)	
JACKET		ANY NAMES USED	
SUIT		MANNERISMS	
TROUSERS		(RIGHT OR LEFT HANDED, UNUSUAL)	
SHIRT		WALK OR CARRIAGE, NERVOUS HABIT, ETC.)	
TIE			
SHOES			
OTHER CLOTHING			

PROMPTLY FILL OUT THIS FORM AS ACCURATELY AND AS COMPLETELY AS POSSIBLE AND GIVE IT TO BRANCH MANAGER

From the Chase Manhattan Bank's "Look, Listen, and Remember" folder

the importance of a routine and of keeping secret the bank's preparations against an attack. "Your protection depends on your plan of action and on how well you keep it secret. Don't let your preparedness become a conversation piece!"

Importance of Descriptions

Chase Manhattan's leaflet was prepared by Jerry Van Dorn, the bank's chief security officer, and it was passed around at the New York meetings.

"One of the most important aids to law enforcement officers in an investigation of a robbery or an attempted robbery," it says, "is an

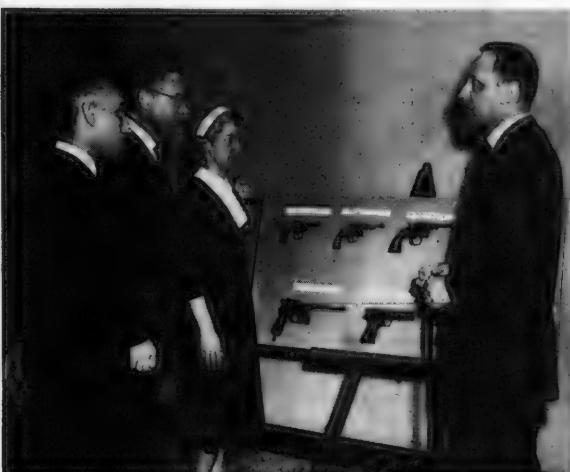
accurate and complete physical description of the bandit or bandits.

"The reliability of a physical description is often dependent to a great extent upon the composure and alertness of the witness. To remain calm under conditions of stress may be difficult, but it should be remembered that composure may be synonymous with safety. A calm witness is not apt to provoke a bandit. At the same time a calm witness is better able to observe and to retain an accurate recollection of what he has seen.

"To obtain the necessary elements of a good physical description, particular attention should be paid to *distinguishing characteristics* of person and of clothing. Rather than attempt to estimate age, height, weight, etc., the witness should mentally compare the subject with himself or with some other person.

"As soon as possible after a robbery or an attempted robbery, all witnesses — independent of each other — should record their observations. These important data should not be entrusted long to memory.

"This folder is designed to guide you and to assist you to make a prompt and complete record of your observations. Do not omit any detail, no matter how insignificant it may seem. On the other hand if certain data have not been observed,



Lt. William J. Owen of Massachusetts State Police, right; explains guns used in the simulated holdup staged during a protective forum at Provident Institution for Savings, Boston. Others are, l. to r., Comptroller Cleveland, President Howe, and Faith D. Buckley, teller

(CONTINUED ON PAGE 110)

Preparing for Automation

Here is a condensation of part of a talk given by E. T. Shipley, auditor of the Wachovia Bank & Trust Company, Winston-Salem, N. C., at the Southern Regional Convention of the National Association of Bank Auditors and Comptrollers in New Orleans. Mr. Shipley is a member of the A.B.A. Committee on Mechanization of Check Handling.

THE two steps to be taken first in applying electronics to your present operation are: (1) Know your costs and (2) measure the efficiency of your present operation. With this information at hand, it's possible to determine the increased productivity per dollar investment you can hope to achieve. You can also forecast with reasonable certainty the time required to recover the initial investment.

For banks that can afford fairly sophisticated systems it's possible to take into account the value of additional benefits. Through computer storage facilities you can develop figures on deposit trends and classifications. Also, loan records may yield valuable information not heretofore available because you didn't have enough manpower to produce it. Although most automation talk today relates primarily to the deposit function, the more elaborate equipment can be related to the accounting of virtually every department. These additional benefits have a value and the cost of the equipment should be based on recognizable economies and the additional benefits should be regarded as extras over and above the savings forecast.

Defining the Field

A knowledge of costs and of the present system's efficiency will pretty well define the field of equipment that should be explored. Fortunately, the new hardware covers a wide range of prices and productive capacities, making some of its benefits available to banks of virtually any size.

Starting with the semi-automatic 'tronics, banks can progress through automatic readers, off-line sorters, fully integrated 'tronics, and small, medium, and large scale computers. The investment can run from \$11,000 to \$3,000,000.

Service Is Important

In the selection of equipment, the importance of the service available should not be overlooked. These machines are necessarily more complicated than the equipment used in the past. In the first place, we will probably have less units available, which means that a single breakdown will cause a more serious disruption of production. In the second place, because the mechanisms are more complicated, service calls at the outset will probably be more frequent. This does not mean that the new equipment is mechanically imperfect; but its period of adjustment may be somewhat longer and

Planning Is Essential

"THE success or failure of your system," Mr. Shipley says, "will depend to a large degree on the pre-planning which goes into it. Any tangible benefits to the bank will be determined by a comparison of your costs prior to your system changes and the selection of the proper system based upon your knowledge of these costs. The system will succeed to the degree that you are successful in selling its advantages to your own personnel and to your customers. For this reason your original planning must be sound and thorough, and the conclusions you develop must be valid."

the consequences of a breakdown somewhat more serious. In addition, the new equipment has required a re-training of service personnel.

(CONTINUED ON PAGE 113)

Account Numbering Helps Protect Merchants Against Bogus Checks

THE First National Bank of Buena Vista, Va., tells us about a step it has taken to help protect local merchants against "no account" checks drawn on it.

After installing a numbering system for checking accounts, reports Cashier E. J. Schneider, Jr., the bank mailed a bulletin to all local merchants. It said:

"Our new numbering system for identifying checking account customers provides an excellent means for you to reduce the number of bogus checks cashed by you when drawn on this bank.

"When an unknown person presents a check drawn on this bank, it is suggested that you compare the list below with the first letter of his last name to determine whether or not the number can be considered genuine. For example, a person with the name Smith should

bear a number between 164-928 and 186-408.

[The bulletin then listed the number groupings for all names from A to XYZ.]

"For your protection:

"(1) See that every check you cash has the account number either imprinted or stamped thereon.

"(2) Know the person cashing the check (maker or endorser).

"(3) Persons requesting to use your counter checks should be asked to write in their account number.

"In order to help you with the problem of 'no account checks' we have discontinued handing out counter checks at this bank. All checks now given out have the account number stamped or imprinted thereon."

The bulletin has been well received in Buena Vista, says Mr. Schneider.

Proving Account Selection in Electronic Posting with Alpha-Digit Proof

Q. *Mr. Mussetter, what is your definition of alpha-digit proof?*

A. Alpha-digit proof is a method of verifying the correct selection of accounts. The alpha-digit method permits a bank to post electronically with one handling of the documents on a controlled basis. No secondary proving operation is necessary.

Q. *Why is it called alpha-digit proof? That is, how did it get its name?*

A. Alpha-digit proof is so-called because it uses certain letters from a customer's name instead of account numbers. With account numbers, electronic verification of account selection is accomplished when the number read from the check or deposit is indexed by the operator on the machine's comparator keyboard and electronically compared with the number encoded on the back of the statement-ledger form. If the wrong account has been selected, the machine becomes inoperative and a

light flashes to signal the operator.

Alpha-digit proof operates similarly, of course, except that letters from the customer's name are indexed instead of account numbers.

Q. *Why do you prefer letters to numbers?*

A. We don't necessarily prefer letters to numbers. We are using letters at Brookline during the interim period while we are making final decisions about our numbering system. Letters do not speed up sorting as numbers do, and neither are letters usable in a plan of complete automation. However, with alpha-digits, letters make a one-shot, controlled posting system possible.

Q. *How long have you been using the alpha-digit method?*

A. Since October 1958.

Q. *How many accounts do you have on the plan?*

A. Slightly over 20,000.

Q. *How many machines are you using for posting?*

Brookline Savings & Trust Company, Pittsburgh, uses 10 machines to handle checking account posting for 20,000 accounts



Mr. Mussetter

Various methods of proving account selection have been used through the years. Alpha-digit proof is a new method for use with electronic posting machines. In the interview that follows, C. R. Mussetter, treasurer of Brookline Savings & Trust Company, Pittsburgh, Pa., tells BANKING some of the results his bank has obtained.

A. *We use 10 "Post-Tronics."*

Q. *Was any modification of the machines required to permit use of alpha-digits?*

A. No. The numbers on the comparator keyboard were simply labeled with letters; that's all.

Q. *What are the essential rules for selecting the particular letters that should be indexed?*

A. The primary indexing rule is this: *Index the first initial of the first name; index the middle initial or the first initial of the middle name; and index the last letter of the last name.*

This basic rule dominates the alpha-digit system as we use it. Variations are possible, as you will see, but simplicity should be the over-riding factor.

For example, if a customer named "Harold G. Wallace" has an account, the initials HGE will be encoded on the statement-ledger forms and the same initials will be read and indexed from his checks and deposits. It is readily apparent how this simplifies the problem of training operators.

Q. *What if an account has no middle name or initial?*

A. A "blank" key solves the (CONTINUED ON PAGE 130)

Retirement Plans for the Self-Employed

The Keogh-Simpson Bill, Introduced in Congress Five Times Since 1951, Would Allow Self-Employed Individuals to Defer Taxes on a Percentage of Their Earnings Set Aside for Retirement. The Treasury Is Opposed

ALLEN L. MAYERSON

The author is assistant professor of insurance and actuarial mathematics at the University of Michigan School of Business Administration, Ann Arbor.

ABILL to provide "equal rights" for the self-employed in planning for retirement passed the House of Representatives in March 1959. H.R. 10, the Keogh-Simpson bill, permits self-employed persons to defer, until after retirement, taxes on a portion of their income, provided these amounts are placed in a retirement fund or used to purchase annuities intended for retirement purposes. The bill (previously called the Jenkins-Keogh bill) has been introduced in Congress five times since 1951, but despite considerable pressure from various interested groups, it passed the House of Representatives for the first time in 1958, and even then it failed in the Senate.

Where The Saving Lies

The bill would allow a self-employed individual to set aside 10% of his earnings each year (with a maximum of \$2,500) as deposits to a trustee retirement plan or as premiums for a retirement annuity or insurance policy. He would receive a current tax deduction for the deposits or premiums, would pay no tax on the interest built up in the fund, but would be taxed after retirement on the total pension received from the plan. Since at that time he would presumably be in a lower tax bracket, the over-all saving would be considerable.

Under H.R. 10 the maximum limit which may be placed in the tax-free fund over the individual's entire lifetime is \$50,000.

The reason a bill such as this is demanded by the self-employed can be traced to the present Internal Revenue Code, which requires that a qualified pension plan be "of an employer for the exclusive benefit of his employees or their beneficiaries." This means that a self-employed individual or member of a partnership, while he can set up a pension plan for his employees, may not participate in it himself. However, a stockholder of a closed corporation who is also an employee of the corporation can be covered by its retirement plan. Thus it is claimed that there now exists tax discrimination against the self-employed when their status is contrasted with that of employees.

The U. S. Treasury opposes H.R. 10, on the grounds that the Government would lose about \$365,000,000 in tax revenue each year. The Treasury also claims that 80% of the total tax relief will go to self-employed persons with incomes over \$10,000. The Treasury Department is also the main obstacle to liberalizing the bill to include employees not now covered by a pension plan or those covered by an inadequate retirement program. Under H.R. 10 a self-employed individual is defined so as to exclude anyone for whom an employer contribution to a pension plan was made during the year.

Both Great Britain in 1956 and Canada in 1957 passed similar legislation. Sections 22 to 26 of the

British 1956 Finance Act authorize certain income tax allowances for annuity premiums paid by self-employed individuals. Section 79 B of the Canadian Income Tax Act allows tax exemptions for deposits made to a registered retirement savings plan. However, there are important differences between the British and Canadian acts and the Keogh-Simpson bill. The British and Canadian acts apply to everyone not covered by an employer-financed retirement plan, not just the self-employed. The Canadian act even allows members of an employer-financed pension plan to supplement contributions under such a plan by tax-free contributions to a trust or annuity, but with a lower over-all limit than applies to self-employed persons.

Age Limits Qualifications

To qualify under the Keogh-Simpson bill, pensions must begin after age 65 and before age 70 to afford full tax exemption. There is no "locking in" of contributions as in the Canadian and British acts, but there is a tax penalty for withdrawal of money before age 65. Pensions may be provided either by a restricted trustee fund or by a retirement annuity or special type of life insurance policy sold by an insurance company. Assuming 3% interest and a level annual income, a contribution of 10% a year, starting at age 30, would provide about 45% of annual salary at age 65 and 60% at age 70. If contributions start at age 40, the individual would receive 25% of his salary at age 65 and about 40% at age 70. Thus the retirement benefits available under the Keogh-Simpson bill are no more favorable than those provided by many retirement plans and considerably less favorable than some.

The major defect in H.R. 10 is that, in order to eliminate discrimination against some 7,000,000 self-employed, it sets up a tax discrimination against 40,000,000 employees not now covered by pension plans, as well as millions of others covered by plans providing inadequate benefits. Since employee contributions under a qualified pension or profit-sharing plan are not excludable for income tax purposes, the Keogh bill would give self-employed persons not merely equal rights but a definite tax advantage. Although the employer's contribution does constitute

(CONTINUED ON PAGE 115)

Freight Payment Plans

Deliver Fringe Benefits to Participating Banks

MARGUERITE BECK

ONLY 13 banks that we know of in the United States offer freight payment service to shippers and carriers of the nation's goods and produce. These 13 have voiced their strong satisfaction with the benefits of this service, and also report a wave of interest among other banks in establishing freight payment plans.

By assuming the burden of clearing carrier bill payments for shippers through internal bank account activity, banks offering this service speed up liquidation of receivables for carriers, most of which operate on a low capital basis, and save costly and time-consuming accounting. They also service the shipper-members of their plans by eliminating for them much check writing and detailed accounting, by reducing accounts payable, reducing handling and postage costs, and controlling the freight charges in one account.

Some 20 banks offer interline clearings, clearing in a similar manner invoices that carriers send each other when both are involved.

This was started as a bank service to the motor carrier industry. Air, rail, and steamship companies now participate in many plans, and the scope seems to be broadening. Banks first entering into such operations were located in concentrated shipping centers. Banks in certain other areas are now showing interest in it.

Why should any bank want to offer this service? Whom is it good for, how does it work, and where's the profit?

At best, a freight payment plan is a "modest" profitmaker, say some banks. More often than not, they report, it's about breaks even. The vainglory claimed for it, however, lies in the excellent entree it provides to other business. It has been associated with being a good way to establish relationships with rail, motor, air, and steamship lines,

railway express, cartage outfits, and innumerable categories of shippers in such a way as to permit the bank familiarity with the contact's accounts and accounting problems. It puts the bank in a position to know which of its other services to suggest as solutions to the carrier's various problems.

Banks offering this service in transport-active areas have found it to be a valuable and profitable. Some have suggested it could be just as valuable to the bank offering it in a moderate-sized but expanding distribution center.

Plans vary around this general outline:

(A) Shipper-customer opens a bank account, with balance commensurate with freight bill activity. Monthly service charges are sometimes entirely or partly offset by maintenance of a substantially large balance, or by monthly deposit of customer's Federal or withholding tax, or by some similar system.

(B) Freight bills may then be sent by carrier to (1) the shipper, for payment, after which he totals and sends them on to the bank, or (2) directly to the bank along with a deposit slip.

The bank then credits the carrier's account with the proper amount, just as if this were any other deposit, and debits the various shipper accounts involved for the charges.

(C) The shipper-receiver may then receive his "paid" freight bill (from the bank), and the carrier, his receipted deposit ticket. Transcripts of transactions are sent to both periodically.

The bank starting such a service, must, of course, set up a department to handle keeping and forwarding of shipper-receiver and carrier records, and adjust to resulting increased mail and account activity.

Systems pose a problem, since various types of carriers and ship-

pers follow different booking procedures. One bank has just its plan as offered to motor carriers before railroads would be involved.

Charges to carriers vary. Generally, 3 cents a bill is standard for the first five bills. Variations after that range from 25 cents for all subsequent bills, with a minimum of \$1 a batch at the First National Bank of Atlanta, Georgia, 25 cents for a batch of five to 50 bills chargeable to one shipper at Peoples First National Bank and Trust Company in Pittsburgh, and First National Bank of Boston, which initially charged per customer, rather than per bill, but changed when they found this unprofitable.

Performing a similar function, and therefore emerging as the "worthy competition," are transport clearinghouses, now operating in 16 major cities. These industry-owned nonprofit bill clearinghouses handle all freight bills for their members, and shippers can then pay all charges to carrier-members of this plan with one check to the clearinghouse at no service charge to themselves. Charges to carrier members are about \$.65/\$100 in billing. Banks finance these associations, secured by receivables.

Transport clearings are able to offer the participating motor carrier the handling of all his freight bills, not just those of firms who are members of a bank plan. However, since a bank plan handles bills from a much broader range of carriers, it offers much broader service to shippers. The carrier can often cover service charges with balance credits.

When Transport Clearings of New England began operations last year, First National Bank of Boston (1) became its bank of account and financed the cooperative, and (2) accepted the clearings operation itself as a member in its freight payment plan so that the bank now has the benefit of its considerable volume of bills chargeable against shippers participating in the program.

The New Dimension in Check Handling = SPEED

Now the door is open for banks to start mechanizing their check handling operations. The last touch has been put to the plan whereby banks can uniformly encode important data right on the face of the check. These data—routing symbols, transit numbers, amount of the check, account number, transaction codes—all are printed in magnetic ink and can be "read" electronically. Result: a tremendous reduction in the processing time all along the line.

The just-published report, *The Common Machine Language for Mechanized Check Handling* (Bank Management Publication 147), gives the full details of the plan. It discusses the problems banks must meet and master as well as the highly technical aspects that equipment manufacturers and check im-

A design to streamline the handling of checks has been perfected, but your checks will need a face-lifting before the full advantage can be realized. The new A.B.A. report gives all the details. Here are important highlights and a pattern of the new design.

printers will face. Bankers would do well to acquaint themselves with all phases of this plan which is destined, eventually, to replace our antiquated clearing system.

The Federal Reserve banks are already looking forward to the high-speed handling of checks that is possible with these magnetic ink characters and electronic equipment. Pilot installations are planned for five FRB offices using the equipment of some half-dozen different

manufacturers. The first is scheduled for early 1960.

Even those who do not intend to mechanize their internal operations can participate profitably in the program. If they do no more than encode their routing symbol and transit number, they will take an important step toward speeding up the entire check-clearing process. The second big step in that direction will come when they add an imprinter, enabling them to encode the amount on each check when it is presented for collection.

Those who wish to take full advantage of the system will, of course, move directly into the third and final step. That will be to set up account numbers and transaction codes for the internal purpose of handling their own checks electronically.

Three points, of particular concern to bankers before they take any step, are discussed in the report:

(1) *Start now to redesign your checks.* It doesn't matter when you expect to make the change; an early start is the only way to get the time you'll need to solve the design problems. And you'll need time because some redesigning will be necessary in nearly every case.

(2) *Control your current inventory.* Most banks don't have more than a year's supply of checks on



"The accomplishments of these men in evolving the common language concept will undoubtedly prove to be one of the most significant developments in the history of bank operations."—HAROLD E. RANDALL, vice-president and comptroller, *The First National Bank of Boston*, and chairman of the *Bank Management Commission of A.B.A.*

Technical Committee on Mechanization of Check Handling

John A. Kley, chairman, executive vice-president, The County Trust Company, White Plains, N. Y.

Melvin C. Miller, secretary, deputy manager, A. B. A.

Herbert R. Corey, vice-president, The First National Bank of Boston.

L. A. Erickson, vice-president, First National City Bank of N. Y.

David H. Hinkel, assistant cashier, The First National Bank of Chicago.

Raymond C. Kolb, vice-president, Mellon National Bank and Trust Company, Pittsburgh, Pa.

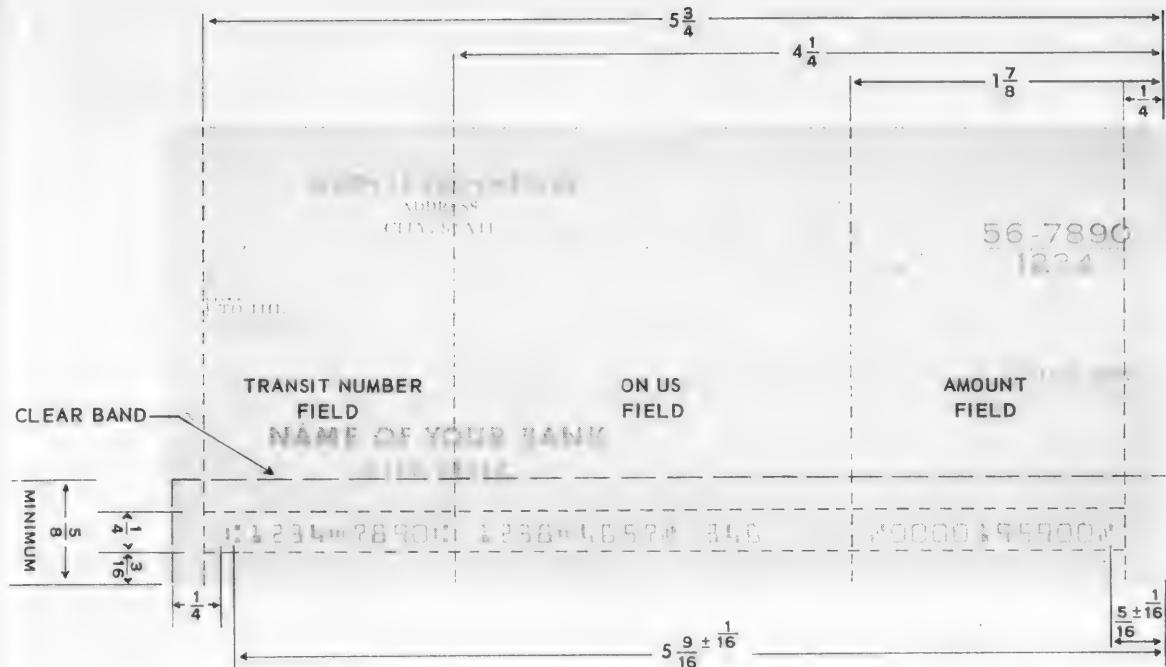
Edward T. Shipley, auditor, Wachovia Bank and Trust Company, Winston-Salem, N. C.

A. R. Zipf, vice-president, Bank of America N.T. & S.A., San Francisco, Calif.

Federal Reserve Representatives.

Clair B. Strathy, member, vice-president and secretary, Federal Reserve Bank of Richmond.

Marcus A. Harris, alternate, vice-president, Federal Reserve Bank of New York.



The dimensions for paper checks provide some leeway in the coding. The sample shows a transit number within tolerance

hand at any one time—and it will probably take at least a year to switch to magnetic ink coding. But check your inventory regularly, reducing your orders as you move toward the changeover date. With proper planning, your first order for coded checks will come when your stock of current checks is low.

(3) *Don't forget your customers.* That has a double implication. One involves customers who design and order their own checks directly from printers. You'll have to work with them to assure a uniformity of design that meets all the specifications. The other implication involves customer education. It is important to pave the way for the acceptance of the new design by customers.

The report goes on to spell out in detail the exact requirements and specifications to be followed. Here, in more general terms, are some of the points that will be of immediate interest to bankers as they approach this "first major improvement in check handling in a generation."

The initial problems will be met in redesigning the check. This must be done to provide an area along the bottom of the check free from magnetic ink and reserved especially for the code. This area, or band, is $\frac{5}{8}$ of an inch high and extends in at least 6 inches from the right-hand edge of the check.

This standard 6-inch long band

provides 19 character spaces for the bank's own internal use. If a bank wishes to include additional coded information for its own use, it may extend the band more than the required 6 inches and use the extra space to the left.

Obviously, no check can be less than 6 inches long and still meet the requirement for the length of this code band. The specifications set a *minimum* of 6 inches for length, but there is no upper limit on length.

The required height of the band will probably cause more problems than the length. To get the necessary $\frac{5}{8}$ -inch space up from the bottom, it may be necessary to increase the height of the check. Most banks will want to avoid this if

possible and there are some things they can do about it.

Squeezing up the printed material already on the check is one way to get the extra space. A smaller size type might be used to gain space. Also, the printing of the town and state on the date line could be omitted; the A.B.A. Legal Department says there appears to be no legal objection to this omission.

One other problem in design arises on checks where a title or designation of an official or agent is printed below the signature line. Again, the A.B.A. Legal Department looked into this and reported that printing it above the signature does not appear to destroy its significance on the check.

(CONTINUED ON PAGE 122)

Unanimous approval marked the final meeting of the Technical and the Office Equipment Manufacturers committees



Tailoring Banks' Annual Reports for Both Depositors and Stockholders (II)

In this final part of his article, Mr. Hill suggests forms for a statement of financial condition and a statement of income, embodying ideas expressed in Part I

HENRY P. HILL

As we stated last month, Mr. Hill is a partner in the accounting firm of Price Waterhouse & Co., is active in various organizations of accountants, and has written numerous articles on accountancy.

The first two paragraphs below are repeated from the end of last month's article, which was Part I.

IT should be possible to devise financial statements that will be useful and informative both to the depositors and their watchdogs and to the shareholders. Such financial statements should clearly indicate the assets available for the protection of the depositors and should state these assets at current realizable values. "Current realizable values," in this sense, means that market values of all assets having a ready market should be disclosed. While it has a liquidating connotation, it does not carry any implication that the prices used would be those that would be found to exist under panic conditions.

The same financial statements should disclose the shareholders' equity and earnings on a long-term continuing basis. Assets that have been adjusted to market values for the purposes of reporting the amount of equity protecting the depositors

should be adjusted to cost for stockholders' purposes if the nature of these assets is such that they will probably be held until maturity and will be worth face value at that time. From the depositors' standpoint it may be desirable to show the market value of the United States Government securities owned, but from the standpoint of the shareholders there is no point in writing down to market a security that may be selling below par at the moment because it carries a low coupon rate. Such a write-down simply transfers income from one accounting period to another.

Statement of Condition

Exhibit I shows a statement of condition designed to achieve both purposes at the same time. In this statement I have made an attempt to meet the requirements of the two interested groups by segregating the net assets into those primarily available for depositors' claims and those of a capital nature. Another way to think of this separation is to consider as banking assets those assets that will eventually become converted into cash through the banking process and to think of the assets and liabilities that will be consumed, amortized, or otherwise availed of through the income account as equity assets.

Following this concept, the first figure in Exhibit I to be noted is the

one described as "excess of banking assets over liabilities to depositors and others." A perusal of this model financial statement will show that this caption shows the amount of the net equity, both realized and unrealized, that is available for the protection of the depositors over and above the face amount of their claims.

For this purpose, Government and municipal securities have been stated at market value regardless of whether this is above or below cost. Cost would be interpreted as amortized cost, both premiums and discounts at acquisition being amortized and, as will be described later, in the case of rollovers or wash sales might be cost of prior issues held. The significance of this concept will be developed later.

Loans and discounts would be stated net of the loan loss reserves allocated to specific loans. In the case of instalment loans it would be acceptable to provide a lump sum reserve to avoid the necessity of providing specific reserves for a large number of loans of small face value. Commercial loans, however, would be evaluated individually and specific reserves set up for those loans that the management thought would be doubtful of collection. The other banking assets would be stated pretty much as they have been in the past, as would the current liabilities.

Shareholders' Net Assets

The next significant figure in the model statement of financial condition is the total equity of shareholders. This, it will be observed, is arrived at by adding to the assets

available for depositors' protection the net undepreciated capital assets, deferred charges and credits to income, and unallocated reserves except those that are really surplus reserves. It is true that in a forced liquidation of a bank the capital assets would produce some funds that could be used to satisfy the depositors' claims. This would not happen, however, as long as the bank was a going concern. On a going concern basis the undepreciated value of capital assets in a statement of financial position is a residual amount showing the portion of the cost that remains to be applied against future earnings.

The same can be said of prepaid expenses. As to other deferred items, it will be noted that two kinds of balances have been shown. The first, unearned discount, follows the concept which has been applied by many banks for a long time. This account is simply the unearned portion of the face amount of loans made where the interest is deducted at the time the loans are made.

Gains, Losses on Securities

"Unrealized gains and losses on securities" is a more interesting account for the purposes of the present discussion. This account reflects the difference between the market value of the securities carried in banking assets and the amortized cost of these same securities. If the aggregate market value of the securities is in excess of their amortized cost, this account would have a credit balance which would be taken into income in subsequent periods when the portfolio was liquidated. Conversely, if it were necessary to write the securities down in order to state them at their market value, this account would show a debit balance since from the stockholders' standpoint the loss attributable to this decline in market value would never be realized if the securities were held to maturity.

The unallocated reserve accounts would include reserves which the management felt were necessary for precautionary measures but which could not be applied to specific assets carried in the statement of financial condition. A bank with a high grade loan portfolio, which by the Treasury tax formula could record a loan loss reserve in excess

(CONTINUED ON PAGE 134)

EXHIBIT I Statement of Financial Condition at December 31

	1958	1957
Banking assets:		
Cash and due from banks.....	XX	XX
Marketable securities, at market value:		
U. S. Government direct or guaranteed obligations.....	XX	XX
State and municipal.....	XX	XX
Other bonds, notes, and debentures.....	XX	XX
Corporate stocks, including stock of Federal Reserve bank.....	XX	XX
Loans and discounts, less estimated losses on collection.....	XX	XX
Mortgages.....	XX	XX
Real estate held temporarily.....	XX	XX
Other banking assets.....	XX	XX
Customers' liability for letters of credit and acceptances issued by us.....	XX	XX
	<u>XXX</u>	<u>XXX</u>
Liabilities to depositors and others:		
Demand deposits.....	XX	XX
Time deposits.....	XX	XX
Bills payable.....	XX	XX
Accrued taxes.....	XX	XX
Accounts payable and other current liabilities.....	XX	XX
Our liability under outstanding letters of credit and acceptances.....	XX	XX
	<u>XXX</u>	<u>XXX</u>
Excess of banking assets over liabilities to depositors and others.....	<u>XX</u>	<u>XX</u>
Capital assets and liabilities:		
Banking premises and equipment at cost:		
Land.....	XX	
Buildings.....	XX	
Accumulated depreciation.....	(XX)	
Furniture and equipment.....	XX	
Accumulated depreciation.....	(XX)	
	<u>XX</u>	<u>XX</u>
Investments in affiliated and subsidiary companies.....	<u>XX</u>	<u>XX</u>
Amounts deferred to income of future periods:		
Unearned discount.....	(XX)	(XX)
Unrealized (gains) and losses on securities.....	XX	XX
Prepaid expenses.....	XX	XX
Unallocated reserves:		
For losses on loans.....	(XX)	(XX)
For losses on securities.....	(XX)	(XX)
	<u>XXX</u>	<u>XXX</u>
TOTAL EQUITY OF SHAREHOLDERS.....		
Capital:		
Capital stock.....	XX	XX
Surplus.....	XX	XX
Undivided profits.....	XX	XX
Reserve for contingencies.....	XX	XX
	<u>XXX</u>	<u>XXX</u>
TOTAL EQUITY OF SHAREHOLDERS, AS ABOVE.....		

EXHIBIT II Statement of Income for the Year Ended December 31

	1958	1957
Interest income from loans.....	XX	XX
Interest income from security investments, including pro rata portion of discounts and premiums at acquisition.....	XX	XX
Income from fees, commissions, and other banking operations.....	XX	XX
Gross income from banking operations.....	<u>XXX</u>	<u>XXX</u>
Operating expenses:		
Salaries and wages.....	XX	XX
Pension and profit sharing benefits.....	XX	XX
Interest paid on time deposits and money borrowed.....	XX	XX
Depreciation.....	XX	XX
Losses on loans and securities.....	XX	XX
Taxes other than income taxes.....	XX	XX
Other expenses.....	XX	XX
Federal and state income taxes related to earnings from banking operations.....	XX	XX
	<u>XXX</u>	<u>XXX</u>
TOTAL.....		
Net earnings from banking operations.....	<u>XX</u>	<u>XX</u>
Other profits and losses:		
Profits and losses on sale of securities, net.....	XX	XX
Additional loan loss reserve provided.....	XX	XX
Federal and state income taxes applicable to other profits and losses.....	(XX)	(XX)
NET PROFIT FOR THE YEAR.....	<u>XX</u>	<u>XX</u>

Undivided Profits Account

Balance, January 1.....	XX	XX
Net profit for the year.....	XX	XX
Dividends paid.....	(XX)	(XX)
Transferred to surplus.....	(XX)	(XX)
BALANCE, DECEMBER 31.....	<u>XX</u>	<u>XX</u>

Market Research Is Within Your Reach

Now A.B.A. is tailoring a market research program to fit the needs and facilities of all banks. Here is a report showing how this important project is designed to benefit every bank—large and small—and its managers.

EVERY banker is engaged in market research, but most of them don't realize it!"

This was the response of Robert Bowen, of A.B.A.'s Research Council staff, to a poll that showed only 66 out of 3,429 banks had undertaken local market research. (BANKING, March 1959, page 76.)

Mr. Bowen went on to explain: "Anybody who gathers facts on which to base decisions is performing a kind of market research. The main difference between true market research and just plain fact-finding is in the degree of refinement and reliability. When you raise fact-finding to a systematic, thorough, continuous, and objective process of

collecting and analyzing market information, you have market research."

That's what the Country Bank Operations Commission would like to help every bank to do. "It's the kind of program that can be carried on in any bank, large or small," says George R. Amy, A.B.A. deputy manager in charge of the CBOC. "And it's the kind of program every bank must follow to insure its progress toward the twin goals of more profits and increased customer satisfaction."

Here's what the CBOC is doing. It has approved a definite plan and has already started, in cooperation with the A.B.A. Research Council,

to see how facts and figures can best serve banks. The ultimate aim is to develop for all banks—with special emphasis on the smaller ones—a workable market research program that will provide:

(1) A continual check on basic internal and local market indicators affecting the growth and safety of the bank;

(2) A continual appraisal of the bank's competitive position relative to other banks and financial institutions in its trade area;

(3) A framework of customer and trade area information to provide guidance for making banking decisions;

(CONTINUED ON PAGE 126)

Country Bank Operations Commission Votes "Aye"

The CBOC approves the market research program. Robert Bowen (left), A.B.A. Research Council, presented the plan. Members of the Commission discussing it are, left to right, Gene E. Parker, executive vice-president, Peoples Bank, Hazard, Ky.; Robert B. Will, president, Vinton County National Bank, McArthur, Ohio; C. B. McLeod, president, Bank of Crestview, Fla.; Thomas O. Cooper, executive vice-president and trust officer, Jefferson State Bank, Iowa; Laurel W. Thompson, president, Washburn Trust Company, Maine; K. G. Braley, president, Farmers Exchange Bank, Cherokee, Okla.; Charles E. Betts, Jr., secretary, CBOC; L. M. Schwartz, chairman of CBOC and president, Citizens State

Bank, Paola, Kans.; George R. Amy, A.B.A. deputy manager in charge of CBOC; L. G. Sadler, president, The Citizens Bank, Cookeville, Tenn.; Joseph A. Hauck, executive vice-president, Exchange Savings Bank, Mt. Pleasant, Mich.; Denton A. Fuller, president, Citizens National Bank, Wellsville, N. Y.; Thomas G. Wilson, president, First State Bank, Conway, Ark.; M. C. Deitrick, vice-president, Mid-Columbia Bank, Pasco, Wash.; John Carlander, president, State Bank of Faribault, Minn.; and nonmember Dr. Charles F. Haywood, professor of banking, University of Mississippi. Absent was F. A. Gallagher, executive vice-president, Jeff Davis Bank and Trust Company, Jennings, La.



A.B.A. TRUST DIVISION ANNOUNCES

The National Trust School

ESTABLISHMENT of the National Trust School, to be conducted by the Trust Division of the American Bankers Association at Northwestern University, Evanston, Ill., is announced by Carlyle A. Bethel, president of the Division.

This important new educational activity, scheduled to open in the summer of 1960, will in effect be two schools in one: it will prepare young trustmen for trust administration and also for business development. There will be one 3-week session, probably in August.

Plans were approved by the Association's Administrative Committee. The Trust Division's Executive Committee had previously favored the project.

Chapman Heads Regents, Wolfe Is Director

The School will be administered by a 9-man board of regents headed by Richard P. Chapman, president of The Merchants National Bank of Boston, a former president of the Division and chairman of its Committee on Trust Education.

The School's director will be Joseph H. Wolfe, A.B.A. deputy manager in charge of the Trust Division.

Mr. Bethel, vice-chairman of the board and senior trust officer of the Wachovia Bank and Trust Company, Winston-Salem, N. C., said that the educational level will be intermediate between the trust courses provided by the American Institute of Banking and The Graduate School of Banking. It will instruct trustmen in all phases of the business, offering only trust subjects with a view to training the students to become trust officers rather than preparing them for senior officer responsibilities.

The Students

The School is designed for three classes of trust employees:

(1) Those who have recently entered trust departments from colleges and business and law schools.



R. P. Chapman
Regents chairman



J. H. Wolfe
Director

depth and excellence of instruction. To that end a faculty of prominent experts is being recruited. Evening lectures and talks on special subjects will supplement the classroom.

Applicants for admission must have completed the A.I.B. courses in Commercial Law, Trusts I and II, Accounting I and II, Corporation Finance, or their equivalents.

The Curriculum

The required courses will be: *Fiduciary Law*, including the law of executorships, guardianships, trusteeships, agencies, and other fiduciary relationships; *Trust Business*, including historical background, principles, policies, and executive and administrative activities; *Taxation and Estate Planning*; *Investment and Asset Management*.

Courses for students primarily interested in business development are *Estate Planning*, *Fiduciary Advertising*, *Personal Representation*, *Relations with the Public and with Professional Groups*.

Students interested in Administration, after taking the required courses, may study: *Operations*, *Corporate Trusts*, *Accounting*, *Employee Trusts*, further courses in *Investments and Asset Management*.

Prior to admission each applicant will be tested in basic English.

Board of Regents

Richard P. Chapman, president, Merchants National Bank of Boston, chairman

Robert D. Ferguson, vice-president in charge of trusts, Peoples First National Bank & Trust Company, Pittsburgh

Stetson B. Harman, vice-president and trust officer, The First National Bank of Oregon, Portland

Reese H. Harris, Jr., vice-president, The Hanover Bank, New York City

Walter Kennedy, president, The First National Bank of Montgomery, Ala.

Robert C. Lee, vice-president, Chicago Title and Trust Company

Thomas E. McFarland, vice-president and senior trust officer, Lincoln Rochester Trust Company, Rochester, N. Y.

R. G. Page, Jr., vice-president and trust officer, Wachovia Bank and Trust Company, Winston-Salem, N. C.

Gilbert T. Stephenson, director, Planters National Bank and Trust Company, Rocky Mount, N. C.

Introducing the Recordak Portable

SO TRIM... AND IT WEIGHS

Here at last is a wonderfully capable microfilmer that weighs less than an office typewriter.

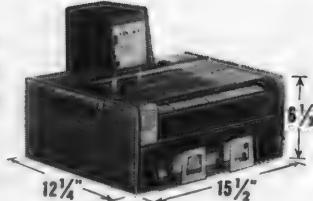
Take the Recordak Portable wherever the work is.

Simple for anyone to operate. Just plug it in and you're ready to take pictures. Many unusual features in the Portable—for example, who would imagine that two rolls of microfilm could be exposed simultaneously in so trim a microfilmer?

New Portable opens door for even the smallest banks to enjoy all the short cuts and protection which microfilming *alone* provides. At the same time, larger banks will find the new Recordak Portable a valuable adjunct to present microfilmers. Or use several Portables in decentralized microfilming.

Mail coupon today for free booklet giving full details on the new Portable.

"Recordak" is a trademark



RECORDAK

(Subsidiary of Eastman Kodak Company)

originator of modern microfilming—now in its 32nd year

new

Microfilmer

ONLY 24 LBS.



Just drop documents into new Recordak Portable and they're photographed.

MAIL COUPON TODAY

RECORDAK CORPORATION, 415 Madison Avenue, New York 17, N. Y.
Send free booklet giving details on new Recordak Portable Microfilmer

J-5

Name _____ Position _____

Bank _____ Street _____

City _____ State _____



As your check speeds by this magnetic "reading eye," numbers which have been printed in magnetic ink are sensed and sped on their way to IBM systems which electronically do all the banking accounting necessary to keep your account up to date.

ANOTHER TOTAL SYSTEM— IBM RAMAC® 305 with PAPER-HANDLING EQUIPMENT

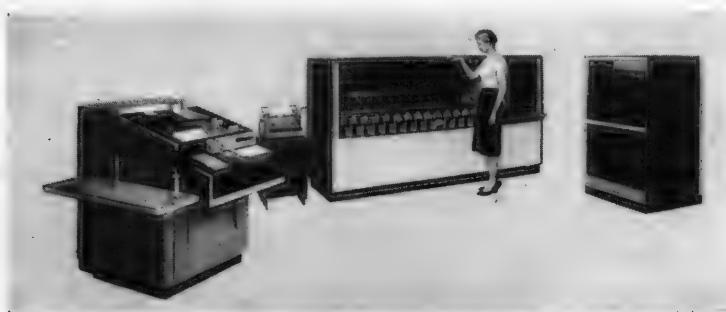
Now . . . by linking new IBM Series/1200 character-sensing equipment with the random access capabilities of IBM RAMAC 305 . . . IBM offers banks another total system approach to demand-deposit accounting. This unique system gives you a choice of random or sequential methods of demand-deposit accounting with detailed or abbreviated statements as an end result.

With RAMAC 305, checks of varying size are processed and posted as they are received. Or, if desired, this system has the flexibility to perform posting in account sequence. In either case, the system handles source documents, which completely eliminates manual sorting and posting. All accounts are kept constantly updated. Peaks of accounting activity at statement time can be reduced with this method.

In addition to providing immediate processing of checks, this new system produces a transaction journal and other desired reports. The journal can record, for example, account number, date, and batch number of last activity, date and amount of last deposit, hold amount and date, stop payments, and record the number of times the account has been overdrawn.

A unique feature of IBM RAMAC 305 enables you to inquire as to the status of any account at any time. This can be done either from the console or from any one of up to five remote inquiry stations.

For complete details on this new total system for demand-deposit accounting, simply call your local IBM office.



New IBM Series/1200: These machines will help banks provide continually better service in the face of growing check volumes.

DATA PROCESSING

Like all IBM equipment, IBM RAMAC 305 with Series/1200 character-sensing equipment may be purchased or leased.

IBM®

Checklist for Financing Freezer Food Plans

THE National Institute of Locker and Food Provisioners, concerned at the fact that some banks have unwittingly become partners of unscrupulous freezer food plan operators by providing them with financing services, has brought to our attention a Code of Ethics suggested to their members. This might serve as a yardstick additional to normal credit standards in determining whether or not freezer food plan companies should be provided with financing.

The Code

(1) High standards of plant

cleanliness and sanitation shall be maintained at all times.

(2) Government grading terms shall be used unless both supplier and packer names and brand labels appear.

(3) Operators shall not make it seem as if they are in the food business unless they are.

(4) Price reductions implying false price levels shall not be used; quality of food products delivered shall not vary.

(5) Wholesale prices shall not be quoted in such a way as to imply false price levels for individual cuts of meat.

(6) Advertising shall be truthful and accurate.

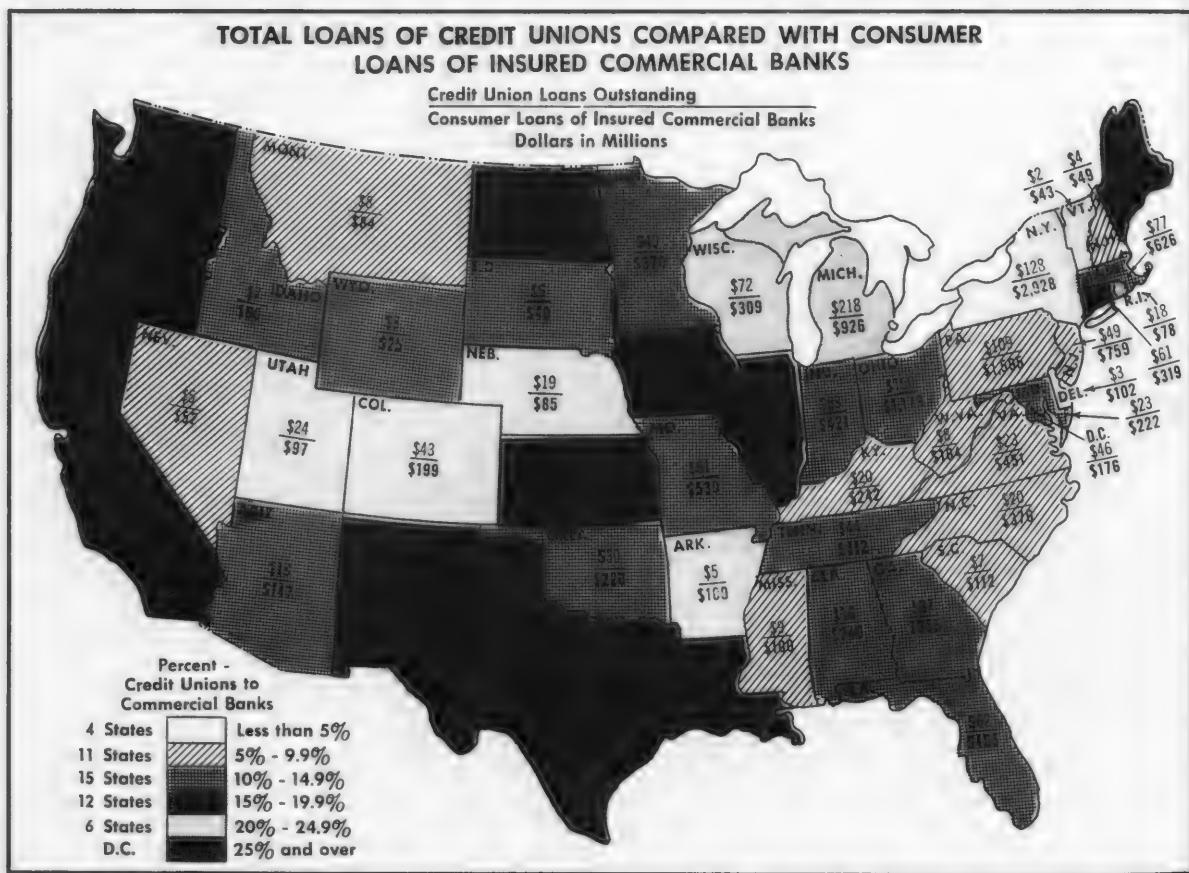
(7) Contracts for purchase, instalment or otherwise, of freezers and food shall be in accordance with local statutes and other existing regulations governing conditions of such sales.

(8) Statements and figures about freezer capacity shall be accurate, based on normal methods of computation, and not liable to misinterpretation.

(9) Benefits of food memberships sold to patrons already owning freezers shall appear in writing, and all benefits so stated shall be provided.

(10) It is recommended that the seller provide full customer satisfaction guarantee on all meat and food products.

This is a broad outline of the precepts of the code. A more detailed explanation of these provisions may be obtained from the Institute at Elizabethtown, Pa.



DATA ARE AS OF DECEMBER 31, 1957. U. S. totals were: credit unions, \$2,788,000,000; commercial banks, \$20,200,000,000. Credit union figures exclude real estate loans made by state-chartered credit unions. Data were compiled by the A.B.A. Research Council



Society NATIONAL BANK OF CLEVELAND

STATEMENT OF CONDITION • MARCH 31, 1959

RESOURCES

Cash on Hand and Due from Banks.	\$ 38,607,609.42
United States Government Obligations	95,618,951.75
Other Bonds and Securities	49,248,323.95
Loans and Discounts	209,856,873.02
Banking Premises.	5,149,043.41
Other Real Estate Owned	8,866.04
Interest Accrued and Other Assets	2,622,392.60
Total.	\$401,112,060.19

LIABILITIES

Capital Stock	\$ 12,000,000.00
Surplus	18,000,000.00
Undivided Profits	1,551,647.83
Reserve for Taxes, Expenses and Interest on Deposits	3,284,189.39
Deferred Credits and Other Liabilities	2,351,226.71
Deposits	363,924,996.26
Total	\$401,112,060.19

United States Government Obligations carried at \$10,615,000.00
are pledged to secure Public Deposits as required or permitted by law.

Member Federal Deposit Insurance Corporation

DIRECTORS

WARREN BICKNELL, JR.
President
The Cleveland Construction Co.

ROBERT F. BLACK
Chairman of the Board
The White Motor Company

CHARLES B. BOLTON
President, Payne-Bingham Co.

T. J. CONWAY
President
The Fisher Brothers Company

THOMAS COUGHLIN
Director
The Murray Ohio Mfg. Company

ERNEST C. DEMPSEY
Attorney
Squire, Sanders & Dempsey

WILLIAM H. FLETCHER
Retired

MERVIN B. FRANCE
President
WILLIAM HARVEY KYLE
Executive Vice President
FRANK C. LEWMAN
Director
The Richman Brothers Company

ABE M. LUNTZ
President & Treasurer
The Luntz Iron & Steel Company

JAMES L. MYERS
Chairman of the Board
Clevite Corporation

LAURENCE H. NORTON
Director
Oglebay Norton Company

HUGH M. O'NEILL
President
Anchor Motor Freight, Inc.

DRAKE T. PERRY
Consultant
The Harshaw Chemical Company

RALPH S. SCHMITT
Vice President & Secretary
The Cleveland Twist Drill Company

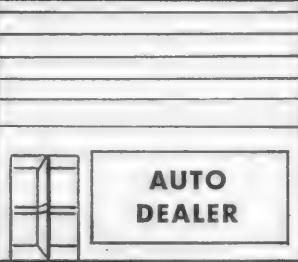
VERNON STOUFFER
President
The Stouffer Corporation

CLARENCE M. TAYLOR
President
The Harris Calorific Company

JOHN S. WILBUR
Vice President
The Cleveland-Cliffs Iron Company

ARTHUR P. WILLIAMSON
Chairman of the Board

Who has the latest word
on financial aid
to small business?





You
do...

...thanks to the efforts of the ABA's Small Business Credit Commission and its teammate in small business development, the Instalment Credit Commission.

Major task of the Small Business Credit Commission is to show the government that the nation's banks are meeting the credit requirements of small businesses in their communities without federal subsidies. (A considerable portion of the \$97.7 billion outstanding in commercial loans are small business loans of \$50,000 or less.)

The Instalment Credit Commission's role is to show the nation's banks how best to carry out the job of providing financial aid to small business; how to understand better the varied problems of small business operation; and, by providing a series of manuals, to aid banks in implementing, through local dealers, the sale of durable goods such as automobiles, appliances, and furniture on an instalment credit basis.

Each year the Commission holds a National Instalment Credit Conference for bankers. The latest meeting featured discussions of two banking services which enable small businesses to do a larger volume of sales on a cash basis—the check-credit plan and the popular bank charge account plan.

As new information is readied by these ABA credit commissions, you will read about it first in the pages of **BANKING**.

Largest paid circulation of any publication in the banking field.

BANKING

Journal of the American Bankers Association

This is one of a series highlighting a few of the many activities of the American Bankers Association.



You Know at a Glance

With Polk's Bank Directory, it takes only a glance to get the facts you are seeking. Polk's arrangement of information, with horizontal rules separating each bank listing, enables you to spot the names, facts or figures you need in a matter of seconds.

There's nothing like knowing . . . when it pays to know. Get the data you

want when you need it from this time-saving, one volume library of all United States banks, 30,000 foreign banks and 8,000 investment bankers.

Keep up-to-date with the latest edition of Polk's Bank Directory. Order individually for \$37.50 a copy or on the five year contract plan for the low price of \$25.00 a copy.



R·L·POLK & CO.

publishers

130 Fourth Avenue North • Nashville 3, Tennessee

Detroit • Boston • New York • Philadelphia • Pittsburgh • Cleveland • Richmond • Chicago • St. Paul
St. Louis • Kansas City • Dallas • Los Angeles • Seattle • Honolulu • Quebec City • Vancouver • and other principal cities

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

Business Building Bulletin

MAY 1959

IDEAS AT WORK

Bank Sponsors TV "Russkii Klass"

A CLASS in the Russian language is being offered on a Minneapolis television station by the Farmers & Mechanics Savings Bank of that city.

It's the latest in the bank's series of public service programs on the Twin Cities educational TV station. Reception of the "Russkii Klass" has far exceeded the hopes of both the bank and the station, and there are hundreds of requests for the study guide and the lesson sheets available to viewers and listeners who want to form classes for home study.

The instructor is Harold Dunn, a secondary school teacher who has previously given TV lessons in French and Spanish. The time is Wednesdays at 7:30 P.M.

Farmers & Mechanics "hopes that this series will acquaint educational TV viewers with Russian and inspire them to learn more of this language, so important in the world today." Here are some comments from students: "This service to the community is truly laudable." "Congratulations on a well chosen public service venture." "I wish to thank you for the public service you are rendering in making the course and materials available."

"What's Your Banking I.Q.?"

THE First National Bank in St. Louis' staff magazine ran a quiz on this subject. It consisted of 38 questions about banking and the

The "Ideas" Section of BANKING'S Business Building Bulletin is by JOHN L. COOLEY.

СЕГОДНЯ ВЕЧЕРОМ!

TONIGHT!

You are invited to
join the new TV class in an

"INTRODUCTION TO RUSSIAN"

... taught by

**HAROLD DUNN
KTCA-TV**

Part of the Farmers & Mechanics Savings Bank newspaper ad announcing the lessons, which immediately proved popular with the TV audience

bank — elementary questions that might be asked by outsiders. A choice of three answers was offered for most of the queries.

Contestants were told: "If you answer all of them correctly, maybe you do have potential for becoming a financial genius. If you get 30 or

more right, you're pretty well informed about your own business. If you miss more than 10, better get busy and study up. You've got a lot to learn."

Sample questions:

What is the largest single item of expense First National Bank had in 1958?

(a) Income Taxes (b) Building Maintenance (c) Salaries and Employee Benefits

What is the cost of rental of our smallest safe deposit box per year?

(a) \$5 (b) \$7.50 (c) \$10

What is a bank draft?

(a) A check drawn by a bank on another bank (b) A check drawn by a corporation on a bank (c) A check drawn by a broker on a bank.

All the answers were on a back page of the magazine.

News

THE Pennsylvania Bankers Association, which has an active press bureau, is mailing filler to the papers.

"Filler," as you know, is the short

Bank Birthday Babies Get Cash

THE Detroit Bank and Trust Company celebrated its 110th anniversary by offering a \$110 savings account to the first baby born in a local or suburban hospital on that day. Later arrivals on the anniversary received \$5 each. Two tied for the big money and 155 qualified for the smaller awards. President Raymond T. Perring presented the \$110 passbooks to the mothers.

item, usually one sentence long, that an editor—especially a country editor—tucks into a type page to fill a bit of space. PBA's offerings are on a wide variety of banking subjects, not limited to the activities and accomplishments of the Pennsylvania banks. Here are some random examples:

"The banks of the country are the largest purchasers and holders of Government bonds."

"Bank deposits increased by 4.99% in Pennsylvania during 1958."

"Every bank keeps a file of the signatures of its depositors so that signatures on checks can be verified."

"In 1958 deposits in Pennsylvania banks reached the highest point in the state's history—\$15.5-billion."

"Safe deposit boxes, in fireproof, theftproof bank vaults, rent for as little as a penny a day."

This looks like a good idea, if you're equipped to handle it. Remember: the items must be newsworthy and informative, not "free advertising."

Virginia Bank's Program Wins PR Award

THE Bank of Virginia won the Virginia Public Relations Award of 1959 for the outstanding PR

Daphne Dailey, center, director of advertising and public relations, The Bank of Virginia, Richmond, receives the Virginia Public Relations Award from Virginia Valentine, advertising manager, State-Planters Bank of Commerce & Trusts, Richmond, chairman of the awards committee. Left, Herbert C. Moseley, Bank of Virginia's president



program by a commercial firm in the state during the past year.

B. of V.'s entry was based on year-round work with its several publics, and on special events as exemplified by its annual "Salute to Virginia Industry." In scrapbook form, the entry contained a brief description of programs, materials, and activities reaching stockholders, staff, customers, opinion leaders, youth groups and schools, local communities, the general public, and other banks.

The award, presented by the Richmond Public Relations Association at the 11th annual Virginia

Public Relations Conference, was made "In recognition of outstanding achievement during the past year in the field of public relations in Virginia, contributing to public understanding and confidence in the institution and its services . . ."

Bank Publishes Texas College Directory

STATE NATIONAL Bank of El Paso scored a hit with young people, parents, and educators by publishing a college directory for Texas. Copies will be presented to all graduating high school seniors in

Bank Highlights a Century in Anniversary Exhibit

CHRISTY MATHEWSON pitched for the Giants again, the first telephone switchboard was a backdrop for your photo, a hand printing press ground out news, a bandstand and a working popcorn

machine revived memories—all in the exhibition hall of the Union Dime Savings Bank in midtown New York.

The bank, celebrating its 100th anniversary, offered New Yorkers an ex-

hibit that highlighted the city's past century. The big room simulated a park, surrounded by houses, old shop fronts, a recreation of the bank's early home, and other reminders of a busy hundred years.

Matty's performance at Coogan's Bluff (the Polo Grounds) was on a 1906 film, one of several dating back to 1896 shown daily to hundreds of visitors. Prints, early telephone and lighting equipment, fire-fighting apparatus, and office furniture contributed to the nostalgia of old-timers and the amusement of younger generations.

Many New York firms and institutions cooperated with Union Dime in its revival of the past.

Union Dime's exhibit was staffed by costumed employees. In this photo two of them stand by an early telephone and a case displaying the bank's first ledgers. Photos of the bank's former homes are also displayed

Tools for the PR Workshop

A HUNDRED or so bankers gathered in a pleasant Connecticut inn the other day to talk advertising, community relations, economic education, and a thousand and one other subjects that challenge the ingenuity, common sense and salesmanship of people who sell banking to the public.

The Connecticut Bankers Association and its executive manager, Josiah B. Chandler, managers of this ideas-at-work meeting, called it a "public relations workshop"—and that was just right. There was an informal agenda, with no speeches—just an exchange of know-how on everything from "Advertising" to "Use of a Bank Publication." BANKING browsed and sampled, jotting down some ideas that may be useful tools in your PR workshop.

Should bankers get into politics? This hot potato was tossed around briskly. "Yes," said some, emphatically. "Maybe, but," said others, carefully. "Well, now," ventured a few with a caution that is not restricted to New England. The out-and-out pros—and several were on that side—said bankers should be active in politics, otherwise the PR job isn't being done adequately: politics and service in public office are good equipment for the kit. Younger men should be encouraged to be at least parttime politicians. The inevitable "on the other hand" included the reminder that banks have considered it inexpedient to take sides, and "Where do you draw the line between the business of banking and the business of politics?" Consensus: the question deserves careful study.

Someone suggested that bankers take greater interest in zoning and planning. These are basic factors of industrial development: a town must be ready for the new business it goes after. Another point: bankers should support the industrial development sections of their local chambers of commerce—but be sure that bank representation in these groups is rotated so that no one had a monopoly.

Methods of shaking the bushes for new business is

a high priority topic at PR sessions, formal or informal. One Connecticut banker reported good results from a purchased list of old car owners who were finance company customers. Each got a letter on the bank's stationery, mailed first class, suggesting that the prospective new car be bought with bank credit.

Premiums for new accounts, statistics show, bring results, and attrition in many cases is small. But does this gimmick tend to downgrade banking? Does the bait obscure the real service the bank is offering? Is it an easy substitute for real selling? (You'll have to answer that one for yourself!)

Awards to employees for new business are effective. One bank pays a minimum of \$8 for each new account; there's a scale for all other service sales. Another bank gives points to employees for new business. This continuing plan rewards enterprising staffers with a party when the required number of points has been amassed. The first year of the program saw nearly \$1,000,000 in new deposits. Do employees chisel by including "transom" business in their totals? The answer is a decisive No!

What is a "bank's image?" An advertising signature? A clock on the sidewalk? A slogan? Yes, but . . . Somebody has suggested that the bank's image is each conversation that takes place each day between a customer and an employee. This means that the image is being created over and over again, another way of saying: "You are the bank." Every so often remind the staff of that point.

Finance forums for professional groups are increasingly popular. One bank's trust department invited the town's doctors and dentists to a meeting on estate planning. These busy people are rather hard to contact, but they're a good market for trust service—and they turned out for this meeting.

The workshopers felt that Junior Achievement is just about the best economic education activity a bank can undertake.

the El Paso area. The directory lists 87 Texas colleges (senior and junior) and gives information on

their enrolment, sessions, tuition, room and board charges, religious affiliations, scholarships, student regulations, student employment, social activities, campus publications, reserve officer training programs, sports—in fact, just about everything a prospective student would want to know.

It was prepared under the supervision of William B. Purse, Jr., the bank's assistant public relations director.

Reading the State National Bank of El Paso college directory are Esther Lynch, Texas Western College senior; William B. Purse, Jr., the bank's assistant PR director; and J. M. Whitaker, Texas Western director of admissions

Employees of the Soquel branch of the County Bank of Santa Cruz, Calif., stand waist-deep in water as they decorate the bank's entry in the National Begonia Flower Festival



Ideas for Open Houses

Two banks sent us stories of successful open houses, and we pass along some of the ideas that helped draw big crowds.

The First Camden (N. J.) Bank and Trust Company made effective use of history in opening the remodeled building housing its Philadelphia office. First Camden is the successor of the State Bank at Camden, founded in 1812, and the Philadelphia branch is the country's oldest out-of-state office. Here was a chance for a dip into the past.

One novelty offered visitors was a facsimile of an early Philadelphia newspaper containing a brief history of the office, stories of Philadelphia, and drawings of the city as it looked early in the 19th century. Other mementos included reproductions of notes issued by the State Bank. Old money, stock certificates, minute books, and remind-

ers of Colonial Philadelphia added atmosphere and helped emphasize the continuity of banking.

National City Bank of Marion, Ohio, drew 15,000 people at the opening of a new shopping center office on the city's outskirts. The event, planned well in advance, was featured by a clown who performed for the youngsters, a money-guessing contest, and tours of the modern building. Promotion included saturation radio announcements, a full-page color ad, photographic coverage, and taped radio programs.

Reports President Robert E. White: "We did what common sense told us was the best way to get people to stop in and see us. If you plan an open house and want to have a really good one, start early enough, plan wisely with something for everyone, and then make sure everyone within reach knows about what you are doing."

Savings Account Prize for Tour Essay

An old hand at the student tour idea is Carbon Emery Bank of Price, Utah. Its program is well organized, and has the cooperation of the teachers and school officials.

Students of the local schools have been visiting the bank in groups since 1950, reports Vice-president Earl F. Hill; 230 junior high young folks took part in this year's tour.

The tours commence at 8:40 A.M., says Mr. Hill. Students assemble at the bank where the advisor takes attendance. They are then divided into groups and assigned to the tellers who explain their jobs and the use of equipment in the cages. The youngsters are shown how to open a checking and a savings account, and learn about the many services these accounts perform.

The tour ends in the bank's recreation room where questions are answered and light refreshments served. Back at school, the trippers write essays on what they've seen. The best report wins a savings account. The teachers are the judges.

Bank to Exhibit at Chicago Seaway Fair

CONTINENTAL Illinois National Bank and Trust Company will dramatize banking's part in transportation and commerce in an exhibit at Chicago's International Fair and Exposition on Navy Pier.

Lobby Contest

CITIZENS Bank & Trust Company of Van Buren, Ark., reports a lively interest in its "lobby scales contest."

Prizes were offered for the best guesses of the number of people using the bank's scales during a month. (The total was 1,488.)

"We were able to increase our scales traffic by about 50%," reports President Basil M. Moody.

Guesses were written on cards. Van Buren's mayor took readings of the scales' counter at the beginning and end of the contest. Newspaper and radio promotion were used extensively.

Business Letter

THE Merchants National Bank of Boston is circulating "On the Business Beam," a 4-page monthly letter prepared for it by the Institute for Business Science, Cambridge, Mass. Dr. Arnold M. Soloway of Harvard University is executive editor, and Merchants has exclusive distribution in the First Federal Reserve District.

At present 9,000 copies are being mailed to New England business executives. Issues include signed articles, analyses, interpretation of business data. Sectional business is featured quarterly.



"Money-Forms and Functions" is the title of a new 50-picture color film strip produced by American Express Company's travelers cheque sales department. It's being used in more than 3,000 schools, and is available to banks having school relations programs. A teacher's manual is provided. Film covers development of money and functioning of banks from earliest times. Sample print illustrates how commercial banks became important in U. S. industrial growth in the 18th and 19th centuries

TIMELY TOPICS

100%. Montana is the first state to report all its 115 commercial banks signed up for the national advertising program, reports Morris R. Brownell, Jr., chairman of the Foundation for Commercial Banks. At the time of the report, 4,322 banks representing all the states had signed with the Foundation, contributing \$560,000 for the current first year of national advertising.

BIG PROMOTION. The Marine Trust Company of Western New York launched its Marine Shopper Credit Service with a 16-page tabloid supplement inserted in two Buffalo newspapers. It listed approximately 2,000 merchants affiliated with the service.

JOBS. Charlotte (N.C.) Chapter, A.I.B., with the cooperation of the city's banks, sponsored a booth at the local Career-O-Rama, a project of the school's vocational guidance program. The theme was "Opportunities in Banking." Interviewers talked with approximately 1,000 students and distributed a booklet prepared by the A.B.A. on the subject of bank employment.

BOAT LOANS. Guaranty Bank and Trust Company, Lafayette, La., livened its exhibit at a boat show by offering "free rides for young skippers" in the "S. S. Guaranty," a small craft that provided a mechanical cruise for 3,026 youngsters. Older visitors had a chance to consult the bank's officers about boat financing.

NATO. East River Savings Bank of New York celebrated the 10th anniversary of NATO with a display in the galleries of its Rockefeller Plaza office.

MAGIC KEYS. A new branch opening in Los Angeles was announced by Security-First National Bank with mailers to which were attached keys that could open boxes containing up to \$500. Consolation "merchandise samples" — miniature money bags containing coins — were given to all guests.

MUNICIPALS. The 10 most-asked questions about municipal bonds are answered in a booklet by the Mercantile Trust Company of St. Louis. Originally prepared by its bond department and issued as a series, the response prompted them to publish the booklet, *A Collection of 10 Pamphlets on Municipal Bonds*. It answers such questions as: What are

municipal bonds? How secure is an investment in municipal bonds? Do they offer ready marketability? What opportunities for diversification do they offer? Who buys them? And how do their yields compare with those of other bonds?

"COMMUNITY CAPSULES." — Mercantile National Bank of Florida,

Miami Beach, is giving 5 minutes per day of free air time to community leaders who are encouraged to speak on any topic dear to their hearts. So far speakers have chosen community progress and their own organizations for this tape-recorded portion of the bank's regular sponsored news broadcast.

Comics Technique Sells Bank Service

THE Meadow Brook National Bank of Nassau County, West Hempstead, N. Y., tried a 4-page 9 1/2 x 12 full color "comics" promotion piece which, needless to say, made a big hit.

Devised for distribution at a motor boat show last winter, the copyrighted paper features the bank's advertising character "Mr. Meadow Brook" in a series of services. The lead piece has him helping a boat-minded couple buy a craft—with the aid of a bank loan, naturally. On page 2 (pictured) he shows a customer how to keep his balance straight. In Story No. 3 a last-minute income taxpayer gets some needed financial assistance to meet his payment. The fourth story brings a lady into the bank for a home improvement loan.

The bank also distributed its "comic sheet" among school children. It has no immediate plans for another issue.

The pictures were drawn by a commercial artist. Meadow Brook helped with the scripts.



What Do Your Special Services Promote?

ONE of the most discussed topics in banking today, and one of its most perplexing problems, is the accelerating trend toward special services for commercial customers. These services include, among others, the various draft plans for premium payments, lock box arrangements, account reconciliations, security safekeeping, freight payment methods, and armored car services.

The subject was featured recently at the annual correspondent bank conference sponsored by the Trust Company of Georgia, Atlanta. Some aspects of the situation were covered during a talk by George Wasem, vice-president, Commercial National Bank, Peoria, Ill.

Additional information was offered by a panel comprised of Morris R. Brownell, Jr., vice-president, Philadelphia National Bank, and William S. Woods, board vice-chairman of the host bank. Mr. Woods served as moderator. Equally significant were the comments offered by some of the 300 southeastern area bankers present during the 1-day meeting.

The Problem Is Outlined

In presenting the problem's history, Mr. Wasem observed that several factors contributed to its development:

- In our zeal to produce business and add friends, many banks have become quite expert in providing more and more services at less than face value.

- In much of our business development effort, we think primarily in terms of size and with too little regard for the primary reason we're in business—to earn a reasonable

profit. Very often when we must choose between size and profit, we choose the former.

- Our business development and public relations thinking often become "fuzzy." Too often we think less about how to do a good job than how to be a good fellow. One result is that we're offering services, usually nonlending, as "loss-leaders" in an all-out campaign for volume.

- Other factors include customer pressure, "keeping up with the Joneses," and a lack of full information about our costs.

- In practically every case, these factors are allowed to contribute to the main problem only because banks fail to recognize and control them.

What the Bankers Said

Following the panel, this question was posed before the group—"How are you solving or how do you plan to solve the increasingly difficult problem of rendering special services without receiving adequate compensation?" Here are some of the observations.

Morris R. Brownell, Jr., vice-president, Philadelphia National Bank: "It is the policy of our bank to make available to our customers all the financial services which can be provided economically at a price to recover our costs and to assure us a reasonable profit. Where the service is related to the deposit and withdrawal of funds, the charge may be absorbed in the analysis. Charges for all other services are on a fee basis."

B. Olin Cox, executive vice-president, Bank of Ocilla, Ga.: "In our

small community we have had few requests for these special services. However, we are paying insurance drafts for some of our customers. We charge their analysis. In our case we don't think these special requests will become an important factor for some time to come, but we expect the requests to come more frequently now because of all the publicity."

T. E. Greene, Jr., vice-president, First National Bank & Trust Company, Macon, Ga.: "At present we are in the process of making a study to determine our actual cost in rendering these various services so that we might know exactly whether our costs are in line or whether we are losing money on them. We feel that this first step is necessary to evaluate and appraise the cost of services."

George H. Deyo, assistant vice-president, First National Bank, Anniston, Ala.: "This is just another problem. It will expand into other services and the time to find the answer is now. We feel there should be a fee paid by the customer rather than a charge to his analysis. However, competition and other factors enter into it, and we aren't militant about it."

A. C. Smith, president, First National Bank, Greenville, Ala.: "Our situation is being worked out very well mainly because we're getting the full cooperation of our commercial accounts, both corporate and individual. This is not new to us. We have been paying water bills this way since 1925 and there's little difference. Why, we even accept authorizations to pay Rotary, Kiwanis,

"More problems than profits," admitted some bankers at this panel discussion. Now is the time to nip those problems and here's the way to do it.

and country club dues! We charge the analysis in all cases and feel we're getting a fair price."

Jack Burton, president, The First National Bank and Trust Company, Augusta, Ga.: "Perhaps we have not appraised the matter properly, but we have not considered special services a major problem. We make no charge for insurance drafts except that if the individual's account is subject to a service charge, the draft is treated as a check. However, we require complete indemnity in each case."

N. M. Dowling, vice-president, City National Bank, Dothan, Ala.: "We make these charges to the analysis and make no exceptions. Eventually we may have to be more flexible because different services make for different problems. We'll cross that bridge when we come to it. But our policy will remain the same—getting paid adequately. We want to grow and you don't grow by giving things away."

Thomas M. Cook, director, Bank of Palm Beach and Trust Co., Palm Beach, Fla.: "Too many banks forget why we're in business. We have a price for each of these services and, in most cases, we charge a direct fee. There are no subsidies and there has been no difficulty. Evidently, our customers expect to be charged accordingly."

Some other comments from Georgia, Tennessee, South Carolina, and North Carolina bankers:

"Right now special services are a problem for only the largest banks. Leave out the 10 largest cities and

there's very little happening. It will come to us, of course, but at this time we can't get excited about it."

"We're in a competitive business and I'm all for it. However, banks in the same town should work together on these new mutual problems. Frankly, we're getting better cooperation from the companies involved than we are from our banking friends."

"We do not accept any insurance premium authorizations at this time. But we're not fooling ourselves. It's easier to change banks than insurance companies and when the requests become more frequent we'll start."

One Man's Opinion

One banker refused to concede that special services, in themselves, are not in the best interests of banking.

"Our banks have employed considerable initiative in developing new services. True, some of them are quite revolutionary. Some may not be 'proper banking functions,' whatever that means. But most of the services are not as ridiculous or as radical as some of our more conservative friends contend.

"If we hope to keep pace with the dynamic industrial and commercial growth, it is absolutely necessary that we develop and introduce new services and procedures to satisfy the changing needs of our corporate customers. The type of service is not the real question. The basic problem is our failure to merchandise and sell the service for full payment."

"You may find this hard to believe, but two of the smaller insurance companies are voluntarily paying us a small fee for each draft we pay."

"This is just another phase of the revolution that's taking place in banking services. Our customers want this, because these services benefit them. I hope we're smart enough to figure out some benefits for ourselves."

"Everybody likes this insurance premium idea except the banks. We'd better start liking it, because it's here to stay."

"My one suggestion is to check all the legal aspects. The plans are simple, but let me tell you it's easy to get involved legally. Get a fool-proof guarantee from the company."

"With the cost problem what it is, we're working hard to increase our productivity. Now we're expected to offer services which will add tremendously to our item activity."

"The thing that gripes me is the way these insurance men sell their customers on the idea that the company makes all this possible."

A Solution Is Found —Use It Soon

By extracting the more ambitious suggestions of the respondents, the ideal solution would follow this pattern:

Each bank must necessarily solve its own problem. It should determine first what is or what is not a proper service for it to offer. A price should be established for each service based on accurate cost and income facts and including a margin sufficient to give a reasonable profit. Each service should be offered for sale on an independent basis. The price should be in the form of compensating balances, a direct payment or an analysis charge.

Obviously, this approach represents a somewhat visionary answer. However, it was generally recognized that this very practical problem must be solved reasonably soon before the obvious trend toward more and more special services at special prices, or at no price at all, becomes overwhelmingly burdensome.

ADS and AIDS that sell SERVICES

The Latest A.B.A. Advertising Aids

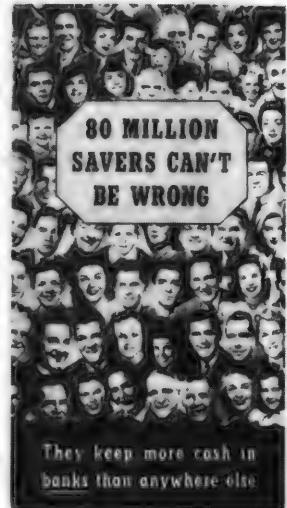


New direct-mail folder on savings, shown at left, piques interest with a provocative question. Having dramatically demonstrated the power of systematic thrift, the text goes on to point out the simplicity and effectiveness of "automatic saving." Back cover consists of a form, to be filled out and returned to your bank, authorizing transfer of a regular monthly amount from the signer's checking account with you to a savings account.

6 pp.; blue & green.

Folder shown at right is a revised edition of one of the most popular and widely-distributed pieces on savings ever produced by your A.B.A. Advertising Department. Up-to-date figures (as of Dec. 31, 1958), on the number of bank savings depositors and the dollar volume of bank savings deposits, make this new issue more impressive than ever. Reasons for saving at the bank are persuasively presented in the words of typical depositors.

4 pp.; yellow and black.

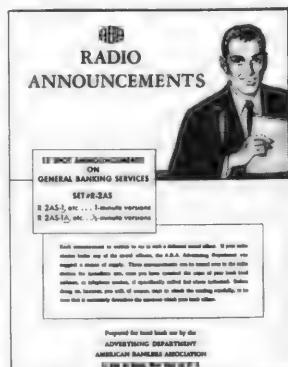


New ad series: #10-AS

In response to the enthusiastic reception given a recent newspaper ad series, here is another set of ads similar in design and approach, but *all new*. The 6 new ads (one is shown at left) feature striking photos of girls, babies, animals. Conversational captions advance substantial arguments for using your bank's services: Savings, checking, auto loans, home improvement loans, banking by mail. Ads are 2 columns x 8"; sent in mat form.

Radio announcements featuring sound effects: #R-2AS

Now available: A new set of 13 radio spot announcements, supplied in both 1-minute and $\frac{1}{2}$ -minute versions. Each announcement is written to tie in with a different sound effect, for attention-getting impact and dramatization of the sales message. Subjects covered are savings, checking, auto loans, home improvement loans, banking by mail, safe deposit, and an institutional message. Ready for immediate use on your local station, when bank name is added.



Sample folders (giving quantity prices), descriptive broadsides on ad series and/or radio announcements—together with appropriate order forms—sent on request. Please specify folders by title; ad series, radio announcements by key number. Write to the Advertising Department, American Bankers Association, 12 East 36 St., New York 16, New York.



The First National Bank of Chicago

Statement of Condition March 12, 1959

ASSETS		
Cash and Due from Banks	• • • • •	\$ 580,140,655.99
United States Government Obligations	• • • • •	861,900,199.83
Other Bonds and Securities	• • • • •	171,194,407.78
Loans and Discounts	• • • • •	1,350,479,569.58
Real Estate (Bank Buildings and Adjacent Property)	• • • • •	1,214,870.15
Federal Reserve Bank Stock	• • • • •	7,500,000.00
Customers' Liability Account of Acceptances	• • • • •	3,084,196.98
Interest Earned, not Collected	• • • • •	7,782,467.80
Other Assets	• • • • •	8,906,425.71
		<u>\$2,992,202,793.82</u>
LIABILITIES		
Capital Stock	• • • • •	\$ 125,000,000.00
Surplus	• • • • •	125,000,000.00
Undivided Profits	• • • • •	9,141,563.41
Discount Collected, but not Earned	• • • • •	4,656,540.59
Dividends Declared, but Unpaid	• • • • •	5,000,000.00
Reserve for Taxes, etc.	• • • • •	42,594,104.38
Bills Payable	• • • • •	109,000,000.00
Liability Account of Acceptances	• • • • •	3,747,372.90
Time Deposits	• • • • •	\$ 550,238,252.00
Demand Deposits	• • • • •	1,840,409,413.10
Deposits of Public Funds	• • • • •	<u>169,391,139.35</u>
Liabilities other than those above stated	• • • • •	<u>2,560,038,804.45</u>
		<u>8,024,408.09</u>
		<u>\$2,992,202,793.82</u>

United States government obligations carried at \$314,064,195.31 are pledged to secure United States government and other public deposits, trust deposits, and for other purposes as required or permitted by law.

Board of Directors

JOSEPH L. BLOCK
Chairman,
Inland Steel Company

EDWARD E. BROWN
Chairman of the Board

CHESSER M. CAMPBELL
President,
Tribune Company

J. D. FARRINGTON
Chairman of the Board,
Chicago, Rock Island and
Pacific Railroad Company

MARSHALL FIELD, JR.
President and Publisher,
Chicago Sun-Times
Chicago Daily News

JAMES B. FORGAN
Vice-Chairman of the Board

WALTER M. HEYMANN
Executive Vice-President

ROBERT S. INGERSOLL
President,
Borg-Warner Corporation

HENRY P. ISHAM
President, Clearing Industrial
District, Inc.

HOMER J. LIVINGSTON
President

HUGHSTON M. MCBAIN
Director,
Marshall Field & Company

BROOKS MCCORMICK
Executive Vice-President,
International Harvester Co.

HARRY C. MURPHY
President, Chicago, Burlington
& Quincy Railroad Company

LOUIS B. NEUMILLER
Chairman of the Board,
Caterpillar Tractor Co.

JAMES F. OATES, JR.
Chairman of the Board and
President, The Equitable
Life Assurance Society
of the United States

WILLIAM WOOD PRINCE
President,
Armour & Company

FRANK O. PRIOR
Chairman of the Board,
Standard Oil Company (Indiana)

GILBERT H. SCRIBNER
Winston & Company

HAROLD A. SMITH
Winston, Strawn,
Smith and Patterson

R. DOUGLAS STUART
Chairman of the Board,
Quaker Oats Company

LOUIS WARE
Chairman of the Board,
International Minerals &
Chemical Corp.

JOHN P. WILSON
Wilson & McIlvaine

DR. ROBERT E. WILSON
Chicago, Illinois

ROBERT E. WOOD
Director,
Sears, Roebuck and Co

Building with Chicago since 1863

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



main street (con't)

CROCKER-ANGLO NATIONAL BANK, San Francisco, opens new Redwood City and East San Jose offices.

FIRST NATIONAL BANK, Lampasas, Tex., celebrates 75th anniversary.

WEST HUDSON NATIONAL BANK of Harrison, N. J., and FIRST NATIONAL BANK OF JERSEY CITY announce their merger, pending approvals.

CITIZENS NATIONAL TRUST AND SAVINGS BANK OF LOS ANGELES (Calif.) with 15 branches and CITIZENS NATIONAL BANK of LOS ANGELES, becomes CITIZENS NATIONAL BANK.

SECOND NATIONAL BANK, Washington, D. C., becomes FIRST NATIONAL BANK OF WASHINGTON.

CLINTON TRUST COMPANY, with three branches, merges into CHASE MANHATTAN BANK, New York City.

FIRST NATIONAL BANK in St. Clairsville, Ohio, becomes BELMONT COUNTY NATIONAL BANK, after merger with BRIDGEPORT (Ohio) NATIONAL BANK.

SOUTH CAROLINA NATIONAL BANK, Bethune Branch, becomes independent bank under title BANK OF BETHUNE.

FIRST NATIONAL BANK, Italy, Tex., becomes FIRST STATE BANK.

BERRIEN SPRINGS (Mich.) STATE BANK merges with FIRST NATIONAL BANK OF NILES.

LINCOLN SAVINGS BANK, Brooklyn, N. Y., opens new office on Graham Avenue.

BAKER STATE BANK, Oreg., becomes branch of FIRST NATIONAL BANK of OREGON, Portland.

UNITED STATES NATIONAL BANK of Portland, Oreg., opens Woodstock Blvd. branch.

STATE-PLANTERS BANK of COMMERCE AND TRUSTS, Richmond, Va., is awarded certificate of merit in "appreciation of outstanding achieve-

ment in support of the CARE Food Crusade to help the world's hungry people."

SUMMIT (N. J.) TRUST COMPANY starts on new Passaic Valley branch to be completed December 1959.

Merger pending stockholder approval: COUNTY NATIONAL BANK AND TRUST COMPANY of SANTA BARBARA, Calif., into CROCKER-ANGLO.

FIRST NATIONAL BANK in MCFARLAND, Calif., merges into SECURITY-FIRST NATIONAL BANK.

SOCIETY NATIONAL BANK of CLEVELAND, Ohio, takes over SOCIETY for SAVINGS; SOCIETY for SAVINGS is now terminated.

JENKINTOWN (Pa.) BANK & TRUST COMPANY opens Benson-East branch.

PUGET SOUND MUTUAL SAVINGS BANK, Seattle, Wash., announces 4th and Union Street branch to open in the Fall.

FIRST NATIONAL CITY BANK of NEW YORK opens its second Montevideo, Uruguay, branch.

Newly organized A.B.A. member banks include: CENTRAL BANK, Central City Nebr. . . . STRASBURG (N. Dak.) STATE BANK . . . NORTH STATE BANK of AMARILLO, Tex. . . .

Fidelity Philadelphia customers were able to bank as usual on the Monday following a Saturday fire which gutted their Carrick branch office on March 21. Bank officials supervised the installation of fixtures and partitions, and were open for business in a former supermarket next door to the burned building, 48 hours after the blaze was discovered. A 45-year-old vault had suffered no damage, and all current bank records were intact in their fire-proof tubs. Round-the-clock work by a crew of Fidelity maintenance workers was credited with getting the bank into full operation in record time



CORAL RIDGE NATIONAL BANK, Fort Lauderdale, Fla. . . . BANK of PERRINE, Fla. . . . FARMERS and MERCHANTS BANK, Bolivar, Mo. . . .

AMERICAN NATIONAL BANK & TRUST Company of Kalamazoo, Mich., opens Richland office.

CITIZENS BANK and TRUST Co., Dover, Ohio, merges into REEVES BANKING AND TRUST Co.

NATIONAL BANK of LUMBERTON, N. C., becomes SOUTHERN NATIONAL BANK of LUMBERTON.

NATIONAL BANK OF COMMERCE, Seattle, opens Renton branch.

UNITED STATES NATIONAL BANK of SAN DIEGO (Calif.) emerges from merger of LONG BEACH NATIONAL BANK and UNITED STATES NATIONAL BANK of SAN DIEGO.

SEAFORD TRUST COMPANY, Wilmington, Del., merges into WILMINGTON TRUST Co. and becomes its Seaford office.

BANK of BETHESDA, Md., opens new Wildwood Shopping Center branch.

DOLLAR SAVINGS and TRUST COMPANY, Youngstown, Ohio, opens Boardman office.

(CONTINUED ON PAGE 104)



How much banking instruction can a fellow take?*



**MELLON NATIONAL BANK
AND TRUST COMPANY**

CAPITAL & SURPLUS \$251,254,100

PITTSBURGH

* Answer: You can find out for yourself by taking the Concentrated Course in Banking which we offer to our correspondents.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



The Agricultural Commission and guests meeting at the Westward Ho Hotel in Phoenix. (See caption below for identification of those appearing in the picture)

News for Country Bankers

*This department is edited by
MARY B. LEACH of BANKING's staff.*

Strong Credit Position

Seen by A.B.A. Commission

THE American farm credit situation is currently exceptionally strong, according to reports received by the Agricultural Commission of the American Bankers Association. The Commission, which is headed by Harry W. Schaller, president, Citizens First National Bank, Storm Lake, Iowa, recently held its annual executive meeting in Phoenix, Ariz., to appraise the financial position of American farmers and to plan programs of bank activity benefiting rural communities.

Farm income increased by 20% during 1958, the Commission said in a summary of the reports presented by members and advisers. In addition, it added, 1958 was one of the most favorable years of moisture in history.

The volume of bank farm credit increased more than 15% during the year, and in the Commission's view the credit was on a sound basis, as bankers reported a moderate decline

The Agricultural Commission is shown above meeting in Phoenix: Seated, left to right, L. R. Driver, president, First National Bank, Bristol, Tenn.; N. J. Wall, chief, Agricultural Finance Research Branch, Agricultural Research Service, U. S. Department of Agriculture, Washington, D. C.; V. B. Hart, professor, farm management, New York State College of Agriculture, Cornell University, Ithaca, N. Y.; J. H. Crocker, chairman and president, Citizens National Bank, Decatur, Ill.; H. W. Schaller, president, Citizens First National Bank, Storm Lake, Iowa, chairman; S. E. Babington, president, Brookhaven (Miss.) Bank & Trust Co.; R. L. Mullins, president, The Wolfe City National Bank, Wolfe City, Tex.; L. E. Kreider, assistant secretary, Agricultural Commission; standing, E. T. Savidge, A.B.A. deputy manager and secretary, Agricultural Commission; R. H. Clark, assistant vice-president, Walker Bank & Trust Co., Salt Lake City, Utah; R. B. Stratton, vice-president, Security Trust & Savings Bank, Billings, Mont.; W. D. Finney, chairman and president, Washita Valley Bank, Fort Cobb, Okla.; R. G. Shaull, vice-president and trust officer, Harrisburg (Pa.) National Bank; T. R. Timin, head, Department of Agricultural Economics and Sociology, Texas A. & M. College, College Station, Tex.; A. J. Brown, head, Department of Agricultural Economics, University of Kentucky, Lexington; O. B. Jesness, Department of Agricultural Economics, University of Minnesota, St. Paul; G. O. Woodward, extension agricultural engineer, U. S. Department of Agriculture, Salt Lake City

in delinquencies, low-equity sales, and carry-overs, together with an increase in deposits.

Repayment programs on farm loans were placed on a longer-term basis as banks continued to increase their proportion of nonreal-estate loans written for over one year. Banks also facilitated longer repayments by maintaining a large proportion of real estate secured loans for purposes normally associated with intermediate term credit.

Based on returns from its semi-annual survey of the agricultural credit situation in March, the Commission indicated that there is adequate credit available to meet the needs of farmers. Reflecting the general increase in the demand for credit, interest rates have generally firmed or recovered to a level high enough to attract lendable funds to agriculture.

The Commission announced plans
(CONTINUED ON PAGE 80)



Here's a Banker-Purina Dealer team that has served local agriculture well. (Left to right: First National Bank and Trust Company Vice-President J. Ed Parker, Jr., President LeRoy M. Miles, Agricultural Representative Paul Sturgill, Purina Dealer Frank Satterwhite.)

"OUR PURINA DEALER PROVED TO BE A RAPIDLY GROWING BANK CUSTOMER"

*—says J. Ed Parker, Jr., Vice-President,
First National Bank and Trust Company, Lexington, Kentucky*

"We were confident of the success of Frank Satterwhite when he started Satterwhite Farm Service," says Mr. Parker, "for we had seen him in action as a county agent and as a member of our agricultural staff.

"That confidence was well placed. The Purina Dealership has enjoyed rapid growth, earned by serving the rural community.

"We have worked with Satterwhite Farm Service since its beginning, five and a half years ago. We supplied operating capital, financed the firm's rapid expansion, and made long-term and short-term loans to the firm's customers.

"Mr. Satterwhite, himself a good customer, has brought us new depositors and borrowers. We consider his recom-

mendation of a man highly important and his work with poultry and livestock feeders good protection for loans.

"Mr. Satterwhite and our staff have worked together to diversify farming in this area, and that has been an important step in local agricultural progress.

"We've found the Purina Dealer a good customer and a good teammate."

* * * *

First National Bank and Trust Company has had a great deal of experience with Purina Dealers. Its Farm Management Department, managing many farms throughout the Bluegrass Area, is a customer of several Purina Dealers, and it works with other dealers through its correspondent banks in an area of about a 75-mile radius from Lexington.



PURINA...YOUR PARTNER IN SERVING ANIMAL AGRICULTURE

(CONTINUED FROM PAGE 78) to undertake a major study of farm irrigation during 1959-60, concentrating on the economic and technical aspects of irrigation as they relate to problems of extension of credit.

Another Commission Study

Among other activities of the Commission is the study now being made of agriculturally trained men in banking. Drafts of this study have been placed in the hands of key college teachers for discussion with interested members of the June 1959 graduating classes. When the study has been put into final form, it will be distributed among bankers, supervisory personnel, and colleges, and will be available to others on a request basis. The study stresses the point of view that agriculturally trained men may be employed by banks as future officer material rather than as strictly specialized in farm credit and farm management.

The A.B.A. Agricultural Commission is actively interested in Commodity Credit Corporation loans and specifically the interest rates on CCC certificates. Recently, meetings have been held with corporation officials to consider rate adjustments so as to bring the CCC rate more in line with current rates on short-term Government and commercial borrowing. The Commission considered the 2½% rate inadequate. Following the Commission's meetings, CCC officials announced a rate advance to 2¾%, effective May 1.

Officials of the Pennsylvania Bankers Association discuss plans for the annual meeting of the County Bankers Associations' officers. *Left to right*, William A. Lank, president, The Farmers National Bank of Bloomsburg, and chairman, PBA Special Committee on Emergency Preparedness; PBA Counsel John Y. Scott, Harrisburg; PBA Vice-president T. Allen Glenn, Jr., president, The Peoples National Bank of Norristown; and Belden L. Daniels, PBA executive manager, Harrisburg



The Commission's cooperation with the CCC to devise a workable purchase and sale program to carry out new provisions of the law applicable to the 1959 cotton crop has resulted in a meeting at New Orleans with bankers representing all of the Cotton Belt States and a similar meeting in Memphis with cotton trade people.

Among the future projects or studies under consideration by the A.B.A. Commission are: (1) providing a complete financial service for agriculture; (2) bank records for agricultural lending; (3) corporate or pseudo-corporate type family farm organizations; (4) agricultural lending by Government agencies and cooperatives; and (5) correspondent relationships in financial agriculture.

Farmers Spent \$8-billion for Motor Vehicles in '55

U. S. FARM OPERATORS spent \$8-billion for the purchase, operation, and maintenance of farmer-owned motor vehicles and machinery in 1955, according to a recent release by the U. S. Department of Agriculture.

The \$8-billion outlay amounted to about a fifth of the \$40-billion spent by farm operators for production and family-living expenses during the year, according to a survey conducted jointly by USDA and the Commerce Department's Bureau of the Census in early 1956.

A free copy of *Farmers' Expendi-*

tures for Motor Vehicles and Machinery With Related Data 1955, Statistical Bulletin No. 243, may be obtained from Press Service, Office of Information, U. S. Department of Agriculture, Washington 25, D. C.

Close Correspondent Ties Urged by Carl Bimson

"WITH increased budgets, larger farm unit acreage, and huge investments in farm machinery, it is fairly obvious that correspondent bank relationship will become increasingly important to the country banker who may need to obtain some assistance through participation in his loans," Carl A. Bimson, president of the Valley National Bank, Phoenix, said in an address before the annual meeting of the Agricultural Commission of the American Bankers Association in Phoenix.

"I would suggest," Mr. Bimson said, "that country banks make it a policy to work closely with their city correspondents and make a real effort to familiarize them with those accounts where the financing of a farmer's or rancher's operations is likely to present a problem. By so doing they can undoubtedly get a lot of assistance in handling their excess loans."

Mr. Bimson pointed out that because the city bank may not be entirely familiar with various aspects of agricultural loans, it will want plenty of time to review the borrower's operating and budget figures in advance of any commitment to participate.

Continuing, Mr. Bimson stated that the Valley National works "with insurance companies in the placement of term farm and ranch mortgages and finds this to be a most satisfactory program providing about a million and a quarter dollars in farm or ranch loans a year to Arizona farmers or ranchers through our bank in addition to assisting in the placement of mortgage loans through other insurance brokers or representatives where we have no direct relationship in the loan ourselves."

Fertilization Profits

THE Colorado Bankers Association, in cooperation with the Colorado State University, has published an (CONTINUED ON PAGE 131)

**Tomorrow's concept of drive-up equipment
is here now... in the advanced design of**

HERRING-HALL-MARVIN FIVE STAR ★★★★ CONSTELLATION® DRIVE-UP WINDOWS



THIS NEWEST OF FIVE STAR ★★★★ CONSTELLATION DRIVE-UP WINDOWS

... The Mark IV Model with stainless steel skirt extending almost to curb level... is available in 80" and 67" widths, inside counter measurements. Installation is simple... the contractor simply slides the complete window into the prepared masonry opening and caulk-seals it.

Fully illustrated literature available on request.

THE DESIGN OF ANY DRIVE-UP WINDOW IS ONLY AS MODERN AS ITS DEPOSITORY DRAWER

Herring-Hall-Marvin's exclusive all-weather drop-front depository drawer design is years ahead. The unobstructed front opening plus the hinged lid of Plexiglass make it the easiest of all to see into, and reach into, from any car or truck.

Another important feature, at no extra cost, is the dual operation switch. Teller simply flips a lever to change from electric to

manual control of drawers

The advantages of this modern equipment are not limited to the depository drawer. From the almost carefree stainless steel exterior to the teller's Swing-Away Seat inside (optional), you'll find more and more reasons why Five Star ★★★★ Constellation equipment is so attractive to management, tellers, and customers.

HERRING-HALL-MARVIN SAFE CO. • Hamilton, Ohio

Banker Responsibility to Agriculture—a Challenge

O. B. JESNESS

DR. JESNESS is head emeritus, Department of Agricultural Economics, University of Minnesota, St. Paul, and an adviser to the A.B.A. Agricultural Commission.

MODERN farming is too complicated a business for anyone on the sidelines to have answers to all of the decisions which have to be made. The efficient farmers who are managing their farms well and ably and who are the principal farm customers of banks have to know a lot about a lot of things. In the field of special competence is financing and it is here that farmers and others have a right to expect competent and helpful guidance.

This is not to say that country bankers do not need to know a lot about farm problems and farm operations. They need this knowledge to provide intelligent banking service rather than to tell the farmer how to farm.

Technically Trained Men Needed

It is this need which is encouraging more and more banks to add to their staffs men with technical training in agriculture and with ability to deal effectively with farm people. Such a man should not be looked upon as another farm adviser. Full value is not obtained unless and until he is given responsible assignments in the bank's farm loan operations. Banks are not likely to attract the man of the caliber and capacity they need unless he can see reasonable opportunity that in time there may be an advancement to an executive post.

Here then is one of the challenges to bankers. Banks cannot carry out their responsibility to serve the credit needs of farmers adequately unless they are staffed to keep abreast of rapidly changing farming methods and credit needs and

"The adjustments demanded by the farm surplus situation are neither costless nor painless, but failure to make them is likely to cost even more and become more painful."

opportunities. This applies most directly to country banks, but ought not to be overlooked by city banks having correspondent relations with country banks.

Increased Capital Requirements

Capital requirements in farming are on the increase. Continuing rise in farm land prices is an important factor. However, in modern farming, farm real estate is only part of the requirement. Machinery, equipment, livestock, and funds for current operations add decidedly to the total. The balance sheet of agriculture indicates total assets on January 1, 1959, of \$200-billion; real estate accounting for \$123-billion; nonreal-estate for \$58-billion; and financial assets \$19-billion. Of the liabilities, about one-half of the \$22-billion consisted of real estate debt and the other half nonreal-estate (including CCC loans). Banks provide only a modest share of the real estate mortgage loans, but play a leading role in the production and shorter-term loans. This is the field in which banks have an opportunity and responsibility for enlarged and improved service.

What gave rise to the Federal land bank system? A wide-spread

feeling that existing credit service in this field was not meeting the needs. Complaint over high interest rates, especially in newer, high-risk areas, was frequent. This may not have been altogether without reason. However, a more telling one was over the short terms of typical farm mortgages, with need for frequent renewals, involving added costs and uncertainties.

Long-Term Amortized Loans

Farm mortgages today recognize quite generally the unrealism of expecting that a farm will pay back a considerable share of its purchase price in five years or less. In recent years we have gone a long way in providing long-term loans with gradual repayment through the amortization process. In fact, we are coming to realize that the emphasis we have placed on a farmer getting out of debt may have been overdone. The equity a man accumulates during his lifetime is more important than whether he is free of debt when the grim reaper shows up. Modern technology and mechanization frequently call for larger farm units if the operator is to make use of his capacity. This means added reliance on mortgage credit.

Have we done equally well in adapting the terms of nonreal-estate loans to the needs of modern farming? Some progress has been made but there is room for more. Modern farming calls for a heavy investment in farm machinery and equipment. Should farmers wait until they have saved all or a major part of the cost of an expensive machine before buying? If they do they will deny themselves the contribution which the machine can make towards providing funds needed in its purchase. If a given machine really is a good investment on a given farm and for a given farmer it ought to more than pay its way.

Dr. Jesness



However, it is unreasonable to expect that a major piece of equipment will do so in one year. The same point applies in the building of a herd or in modernization of the farm plant.

Tailoring Loans to Farmers' Needs

Should farmers be restricted to terms of one year in cases where it is evident that it will take the returns from three, five, or more crop years to pay off? A not unusual response of bankers is that they meet this situation by extending the loan for one or more periods if conditions are right. Ah! But who decides or what decides whether conditions are right? Is it the banker's interests and desires or is primary weight given to the situation of the borrower? What will the farmer do if extension is denied? Is it really serving the credit needs of an acceptable borrower to place him in this suspense?

The banker may say that he should not worry, but rather have confidence that the banker will do the right thing by him. But if the intent is to extend the loan for added periods, is it not better business to plan the terms of the loan and methods of repayment when it is first made?

I am not proposing that Tom, Dick, and Harry be extended intermediate-term loans as a matter of course. Nor do I anticipate that all of the farm loans will be of this nature. A production loan that does not have good prospects of more than earning its way is not a good loan. This may be due to the purpose for which it is intended, to the unsuitability of the proposed project for the farm setup which the farmer has, or to the lack of ability or capacity of the farmer himself.

An objection often raised against intermediate-term loans is that they reduce the bank's liquidity. This would be serious if any large share of the resources were tied up in such loans, all running for the same period. A bank will naturally look after this to see that the amount so tied up is held within reason. It will also recognize the importance of staggering the maturity dates by making loans for different terms and at different times.

This illustrates another challenge to bankers—to do the best possible job of tailoring loans to fit needs, consistent with sound banking. If

this challenge is not accepted by bankers a reasonable expectation is that others will fill the gap.

This brings up the matter of recent comparative growth of various types of credit institutions. These comparisons suggest that some banks may be falling behind in their service performance with respect to farm loans. There was a time when bankers could with some justification complain about what they usually referred to as "socialized credit." This point is no longer very effective, because, with minor exceptions, the competing agencies operate with private capital. Current comparisons pose a challenge to bankers to survey their farm lending and services to see where or how they might do a better job.

The Crop Surplus Dilemma

Failure of the farm income to keep abreast with the national income shows that the farm problem is real. We realize, of course, that the basic problem is one of surpluses in some lines. That the surplus problem is genuine is shown by the tieup of over \$8-billion of public money in CCC loans and inventories. Daily storage costs run around \$1,000,000, and the Department of Agriculture reports that when interest and handling costs are added, the yearly bill runs around \$1-billion, without including anything for the losses incurred in disposal or from deterioration.

Indications are that the expenditures for the Department of Agriculture during the present fiscal year will exceed \$7-billion. While all of this total does not go to farmers, price and income programs loom large. Increased costs, due to the record crop in 1958, are playing a part in the budget deficit in which all of us have a concern.

We need to do more than talk about and bemoan surpluses. We are not going to remedy them by any global give-away, assuming taxpayers are agreeable to footing these astronomical bills for the indefinite future. Our efforts at production and marketing controls have not been effective. Besides, they approach the problem by "locking the barn door after the horse is stolen." They are concerned more with surpluses after they are produced than by providing really effective action to balance our capacity to produce with available

markets. Moreover, we approach the problem as though surpluses were universal instead of being concentrated in a few commodities, of which wheat and cotton are the most serious.

Readjustment Is Concern of Everybody

The answer does not lie in Government controls or directives. We do not want a regimented agriculture. The public has an obligation, however, to help farmers make the necessary readjustments in resources used to produce overexpanded lines. Taxpayers have no obligation to maintain permanently an overexpanded agriculture. The adjustment needed is a highly selective one to reach the commodities, the regions, and the farms where it appropriately should be made, rather than to spread our efforts from Maine to California and over farms indiscriminately.

This is a matter of concern to all citizens, and especially to country bankers whose interests are so closely allied with those of farmers. It calls for a recognition of the national interest as well as personal and community interest. This means that we have an obligation to resist the temptation to fight readjustments which may involve ourselves or our areas. The adjustments demanded by the farm surplus situation are neither costless nor painless, but failure to make them is likely to cost even more and become more painful.

A Challenge to Bankers

Here is a challenge to bankers to gain the best possible understanding of the farm problem, to encourage farmers and others to do likewise, and then to use that understanding in developing and supporting constructive solutions. The American Bankers Association's Agricultural and Economic Policy commissions recently published a pamphlet entitled the *Farm Problem* to help provide a better understanding of what the problem involves. Why not re-study this valuable booklet?

Bank executives responsible for charting the course of their institutions might do well to subject the policies and operations to constant scrutiny in search of ways and means of performing more and better services.

Outstanding banks like these are choosing Burroughs

WALKER BANK & TRUST COMPANY SALT LAKE CITY, UTAH	WACHOVIA BANK AND TRUST COMPANY WINSTON-SALEM 1, N. C.
AIRLINE STATE BANK of Houston 5206 AIRLINE DRIVE - P.O. BOX 10155	FIDELITY TRUST COMPANY PITTSBURGH, PENNSYLVANIA
THE FIRST PENNSYLVANIA BANKING AND TRUST COMPANY PHILADELPHIA 1	CITIZENS FIRST NATIONAL BANK AND TRUST COMPANY RIDGEWOOD, NEW JERSEY
THE DETROIT BANK & TRUST COMPANY DETROIT 31, MICHIGAN	Chicago National Bank 120 SOUTH LA SALLE STREET - CHICAGO 90, ILLINOIS
First Western Bank AND TRUST COMPANY 405 Montgomery Street San Francisco, California	SOUTH SHORE NATIONAL BANK QUINCY 69, MASSACHUSETTS
AMERICAN NATIONAL BANK JACKSONVILLE 7, FLORIDA	WESTERN PENNSYLVANIA NATIONAL <i>a new approach to community banking</i> PRINCIPAL OFFICE MCKEESPORT, PENNSYLVANIA
NATIONAL BANK OF DETROIT DETROIT 32, MICHIGAN	IRWIN UNION BANK and Trust Company of Columbus, Indiana
BUTLER SAVINGS AND TRUST COMPANY MAIN AND JEFFERSON STREETS BUTLER, PA.	The FIRST NATIONAL BANK KENOSHA, WISCONSIN
BANKERS TRUST COMPANY NEW YORK	THE FIRST NATIONAL BANK PUEBLO, COLORADO
FIRST MINNEHAHA NATIONAL BANK 2716 - EAST LAKE STREET MINNEAPOLIS 6, MINNESOTA	BANK of the COMMONWEALTH DETROIT 31, MICHIGAN

Only Burroughs offers all these advantages:

- Complete visibility during posting
- Complete electronic verification—every single item
- Complete programming flexibility
- Sophisticated electronic techniques
- Complete machine-operator communication

ing Burroughs Electronic Bank Bookkeeping Machines



Compare:

See for yourself how the Burroughs Electronic Bank Bookkeeping Machine can do more work for you in less time and do it more accurately, simply and economically than anything else around.

Compare:

Call our nearby branch for a demonstration by a Burroughs systems counselor. Or write Burroughs Corporation, Burroughs Division, Detroit 32, Michigan.

Burroughs—TM.



Burroughs Corporation

"NEW DIMENSIONS / in electronics and data processing systems"

An Agricultural Lending Policy for Banks

"If we are going to deal in farm loans, we must give prompt, efficient service. We can't handle our loans by remote control. They must be made by men who understand farming and farm people and who keep in touch with agricultural developments in general and their own customers in particular."

FRANK W. BLACK

The author is executive vice-president of The Peoples National Bank of Barre, Vt., and is a member of the Agricultural Commission of the American Bankers Association.

A SHORT time ago I was asked the question: "Are the banks of New England effectively serving agriculture?" I answered the question, "No, with a few exceptions." I am sorry to say that all too many of our banks have in the past left a "bad taste" in the mouths of our farmers, and even today a great many of them are not equipped and are not interested in giving a full service to agricultural credit.

Even in Vermont, where we depend on agriculture for 50% of our income and we have a field available to us which is almost unlimited, only 10% of our banks employ a full-time agricultural representative and less than 25% of the banks are handling a variety of agricultural credit. From the figures available it looks as if the bankers elsewhere in the East are not doing any better than we are doing in Vermont.

A Businessman in Finest Sense

A progressive farmer today is a modern businessman in the finest sense of the term. His is a highly specialized type of business, one that requires tailor-made credit to fit his particular operation. A shrewd farmer selects his source of credit on the same basis that he buys a piece of farm machinery. In either case he wants "the commodity" to fit his needs.

If we are going to deal in farm

loans, we must give prompt, efficient service. We can't handle our loans by remote control. They must be made by men who understand farming and farm people and who keep in touch with agricultural developments in general and their own customers in particular. A banker is nothing more than a salesman. He sells credit and service. Credit is pretty much the same wherever it is obtained, but service is another story and I am thoroughly convinced that prompt, courteous, efficient, credit service is the prime factor in obtaining farm loans.

Agricultural Loans by Others

It is my opinion that bankers face a real challenge in effectively meeting the specialized credit needs of farmers. Of over \$90,000,000 of agricultural credit outstanding in Vermont in 1958, less than one-third was held by Vermont banks. While banks are the largest institutional farm lenders, it must be recognized that over 50% of the total agricultural credit needs are furnished by cattle dealers, farm machinery and grain dealers, merchants, and individuals. I feel sure that the same general situation exists in other areas of the East.

Why is it that farmers use such large amounts of non-institutional credit? Is it because banks have failed to "sell" aggressively their services to farmers, or is it because banks have failed to offer adequate terms and service on farm loans? I believe that both of these reasons share about equally the responsibility for the condition we find ourselves in today, although many banks are beginning to realize the

situation and are changing their policies.

Obstacles to Sizable Loan Volume

There are several factors which have deterred some country banks from building sizable volumes of farm loans. Among these factors are the following:

(1) Since World War II most banks have had tremendous demands for loans and it is generally recognized that net income after servicing costs from farm loans has not been as remunerative as automobile financing and not as easy to handle as an investment in Government bonds.

(2) Many banks had losses on farm loans in the 1930s which they have not forgotten, but they may have forgotten that (a) these loans were not properly set up in the first place, and (b) were never serviced.

(3) Only a relatively small number of banks have specialists on their staffs equipped to handle a farm loan program.

(4) Bank examiners, in the past, have sometimes been critical of farm credits. Often, however, their criticism was not because of the quality of the loan, but because of the very meager credit information the bank had in the file.

(5) Some bankers feel that the Government agencies are well equipped to handle farm credit and there is no object in trying to compete with them.

These and many other factors have contributed to a lack of aggressiveness on the part of some bankers in trying to service farmers

(CONTINUED ON PAGE 88)



REPUBLIC NATIONAL BANK

OF DALLAS

Statement of Condition

March 31, 1959

Resources

Cash and Due From Banks	\$ 263,310,766.30
U. S. Government Securities	113,063,905.00
State, Municipal and Other Securities	14,012,901.00
Stock in Federal Reserve Bank	3,000,000.00
Loans and Discounts	530,059,547.20
Bank Building and Equipment	24,415,986.26
Acceptances — Customers Account	6,591,149.67
Other Assets	1,445,237.74
TOTAL	\$955,899,493.17

Liabilities

Capital	\$ 37,866,576.00
Surplus	62,133,424.00
Undivided Profits	<u>1,676,963.45</u>
Reserve for Contingencies	12,746,727.06
Reserve for Taxes, et cetera	6,968,570.27
Acceptances — Customers Account	7,591,149.67
Deposits:	
Individual	\$ 615,068,497.80
Banks	197,784,647.98
U. S. Government	<u>14,062,936.94</u>
TOTAL	\$826,916,082.72
	\$955,899,493.17

*Capital and
Surplus
\$100,000,000*

★
*Largest
in the
South*

MEMBER F.D.I.C.



and the agriculturally based industries in their areas.

Federal Agency Competition

Many bankers interested in agricultural credit have been greatly disturbed by the apparent inroads that Federal Land banks and Production Credit associations have been making in the agricultural field. You may recall that in the report sent out in September 1958 by the American Bankers Association, under the signature of President Joseph C. Welman, it was pointed out that in the country as a whole in the past 10 years PCA loans increased 37% and bank nonreal-estate loans to farmers increased only 9%. If you studied the report further you would have found that many of the large increases were in states of the South.

In conversation and correspondence with several bankers in Southern states, it was learned that the banks were not in a position to take care of the agricultural loan demand and that in some of the credit extended by PCAs the risk was greater than many banks were willing to take. Time alone will determine whether this is true or not, but certainly in the past the PCA loss ratio has been negligible.

Nevertheless, I am sure you will agree that we have a real challenge in this accelerated competition from PCAs, and we must quickly face up to the facts. The real challenge goes beyond credit volume. The size and efficiency of businesses the respective institutions tend to finance is and will be of greater importance in the future. The largest number of borrowers being financed by PCAs in 1956 had net worths of from \$10,000 to \$25,000, while the largest number served by banks had net worths of from \$3,000 to \$10,000. As a general rule, PCA loans are larger than bank loans. We might ask this question: In the next 10 years will bank customers be operating farm units which are as efficient as farms operated by PCA customers? This question presents serious implications with respect to our future bank customers.

Trends in PCA Credit Volume

At one of our Agricultural Commission meetings these reasons were given by various members for some



"Could you grant me a loan, dear, 'til we get home? . . . I got one of our farm customers for a partner instead of the fellow I'd hoped to get—our city correspondent bank representative!"

of the apparent trends in credit volume and borrower assets by PCA members:

(1) PCAs are actively seeking new business in many areas, and one of the basic reasons is to attain size in their associations so that they can have an efficient operation. They have found that unless they obtain greater volume they cannot afford to maintain offices. In several sections of New England they have had consolidations.

(2) To an ever increasing degree the PCAs are coordinating their credit with the real estate credit of the Federal Land banks through National Farm Loan associations.

(3) PCAs use agriculturally trained personnel almost exclusively and their directors and officers are in many instances the most influential farmers in the locality.

(4) Capital accounts of PCAs have increased rapidly in the past 10 years, much faster than bank capital, and many PCAs are in a position to make larger loans than country banks can without participation.

How Bankers May Improve and Expand Their Agricultural Service

How may we bankers establish policies that will improve and expand our service to agriculture? Here, as I see it, are some of the answers:

(1) We must recognize the fact that agriculture has changed more

in the past 10 years than in the previous 50. We must be alert to the credit needs of this rapidly changing agriculture and be willing to adjust our financing practices to meet these needs. Today's larger farms require vastly larger loans and more extensive credit services than the farm borrower in the past.

(2) We should recognize the rapid growth of competing agencies and the characteristics of the customers they are building for the future. We must realize that competition is here to stay and we must take the approach that such competition can provide a healthy stimulus for improved bank services. Many bankers and bankers associations are taking action toward this end. We are still the leaders in the field, but in order to maintain our leadership we must merchandise our loan services more aggressively.

(3) We must emphasize and sell the complete financial services we can and do provide. We have many advantages in financing agriculture. We have the one central place where the farmer can conduct all of his financial transactions. Many farmers have never been taught to use credit and to use banks. Farmers need to understand that their credit is one of their greatest resources because it can be exchanged for capital. When a farmer builds his credit rating, he increases his assets and adds to his management potential. We have a real opportunity to bring about this understanding. We are uniquely equipped to offer a complete type of services and facilities which are necessary for the full development and use of the farmer's credit asset. If we handle the total financial business of the farmer, including commercial and savings accounts, long-, intermediate-, and short-term credit, safe deposit, trust, and other services, we are in a position to know and advise him as no other lender can to use his management potential to the maximum.

(4) We must tailor our farm loans to fit the individual farmer's needs, and we must gear his repayment program to his repayment capacity. In some cases this means longer terms than we have been accustomed to make. Our bank has for years, successfully written loans on cattle and farm machinery payable in periods up to five years. PCAs advertise their budget payment program,

(CONTINUED ON PAGE 107)

Highlights from

GULF OIL'S 1958 REPORT



Gulf Oil's 58th year was marked by record activities in all major departments. World-wide oil production was up 13%, refinery runs 2%, and refined product sales 8%.

Net income was \$329 million, the second highest in the Company's history. Gulf's working capital showed a substantial improvement over the previous year notwithstanding the lower earnings and the continuation of heavy capital expenditures.

The financial and operating highlights from the Gulf 1958 report are presented here.

CONSOLIDATED FINANCIAL DATA

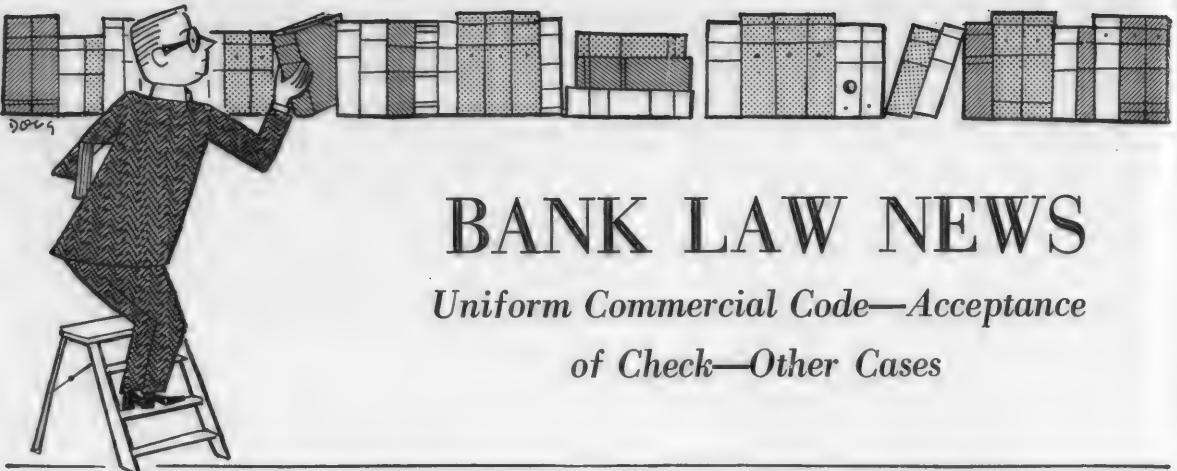
	1958	1957
Net Income	\$ 329,533,000	\$ 354,284,000
Net Income Per Share (based on shares at end of 1958)	\$10.17	\$10.94
Cash Dividends Paid	\$ 77,716,000	\$ 73,823,000
Cash Dividends Paid Per Share	\$ 2.50	\$ 2.50
Stock Dividends Paid	4%	5%
Total Assets	\$3,430,019,000	\$3,240,571,000
Working Capital	\$ 565,498,000	\$ 450,051,000
Net Sales and Other Operating Revenues	\$2,769,377,000	\$2,730,085,000
Capital Expenditures	\$ 401,245,000	\$ 546,453,000
Depreciation, Depletion, etc.	\$ 261,165,000	\$ 252,265,000

OPERATIONS DATA—DAILY AVERAGE BARRELS

(Includes Gulf's equity in companies less than 100% owned)

	1958	1957
Gross Crude Oil, Condensate, & Natural Gas Liquids Produced	1,396,782	1,253,775
Net Crude Oil, Condensate, & Natural Gas Liquids Produced	1,298,869	1,151,438
Crude Oil Processed at Refineries	698,133	682,215
Refined Products Sold	806,699	747,198
Natural Gas Liquids Sold	110,169	106,301

(A limited number of copies of Gulf's report is available to customers.
Write to Room 1300, P. O. Box 1166, Pittsburgh 30, Pa.)



BANK LAW NEWS

Uniform Commercial Code—Acceptance of Check—Other Cases

UNIFORM COMMERCIAL CODE

Under 59-501 of the Pennsylvania Code, right of secured creditor to take possession of collateral lost where creditor elected to levy execution on all of debtor's personal property.

HOW a secured creditor can become unsecured is well illustrated in a recent decision of the United States Eastern District Court of Pennsylvania.

The creditor and debtor entered into a security agreement "mortgaging" part of the debtor's office and plant equipment. To evidence the obligation, the debtor executed a demand note, containing a confession of judgment.

After the agreement was properly recorded, the creditor entered judgment on the note, and when the debtor defaulted, the creditor issued execution on the judgment and a levy was made against all of the debtor's personal property.

The levy, unfortunately, was set aside because the debtor filed a petition in bankruptcy several weeks thereafter. The creditor then sought to recover possession of the property subject to the security agreement. This, said the court, he could not do.

Section 9-501 of the Pennsylvania Commercial Code provides that when a debtor is in default under a security agreement, the creditor may reduce his claim to judgment and, if the collateral is goods, he may, in addition, "do one or more of the following: (a) foreclose the security interest by any available ju-

dicial procedure; (b) take possession of the collateral."

The foreclosure remedy mentioned in the statute was not available to the creditor, said the court, because there exists "no available judicial procedure in Pennsylvania to foreclose an interest asserted against personal property."

The other remedy available, the right to take possession of the collateral, was lost by the creditor when he elected to levy execution on all of the debtor's personal property. The court stated: "We conclude, therefore, that petitioner [creditor] having elected to issue execution and to make a levy, is now barred from recovering the goods or chattels under a duly recorded security agreement or lien on the ground that the remedies of execution and possession are inconsistent." *In re Adrian Research & Chemical Co.* (Dist. Ct., Pa.) 169 Fed. Supp. 357.

ACCEPTANCE OF CHECK

Retention of check by Florida drawee bank for more than 24 hours deemed acceptance or payment of check.

REVERSING the decision of the Florida Federal District Court, previously reported in the November 1958 issue of *BANKING*, the Circuit Court of Appeals for the fifth Circuit ruled that a drawee bank which failed to return by the end of the day following its receipt a bad check forwarded for collection will be deemed to have accepted or paid the item.

The District Court had decided that the mere retention of the check for more than 24 hours did not constitute an acceptance.

The Circuit Court invoked §676.55 of the Florida Statutes. This section provides that a check, received for collection by a drawee bank, shall not be deemed paid or accepted until the amount is charged to the drawer's account, unless, though not so charged, the item is "retained by the drawee or payor bank longer than the end of the business day following its receipt."

The Circuit Court concluded that, under the statute, a drawee bank has an option of charging a check against the drawer's account, paying it, carrying it as an overdraft, or "returning it by the end of the business day following its receipt, in default of which it will be held liable as having paid it." *General Finance Corp. of Florida v. Central Bank & Trust Co.* (C.A., 5th Circuit) 27 U. S. Law Week 2479.

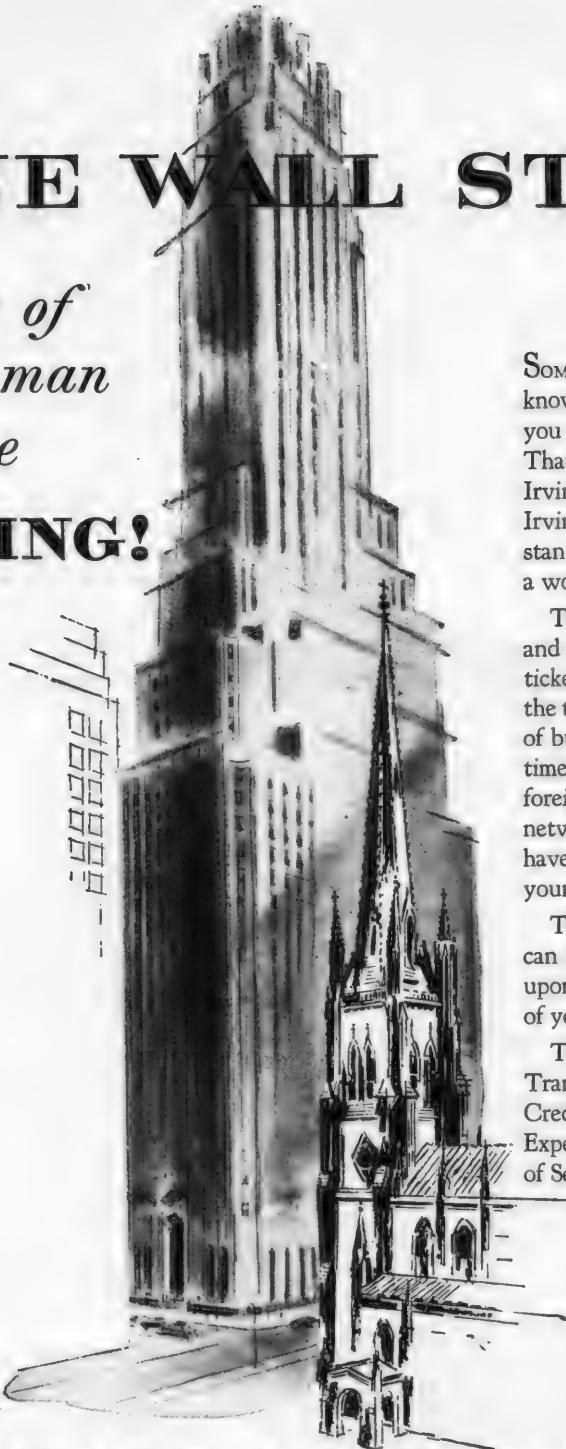
BRIEF NOTES ON OTHER CASES

Reserves for bad debts. For Federal income tax purposes, banks using the reserve method of accounting for bad debts permitted under Mimeograph 6209 "may deduct, as an addition to such reserve, an amount less than that which would result from the method shown in paragraph 3 of that Mimeograph." *Internal Revenue Bulletin*, No. 1959-11, Rev. Rul. 59-83.

Chattel mortgages. Michigan Bulk Chattel Mortgage Act, Stat. Anno. §19.371, provides that bulk mort-
(CONTINUED ON PAGE 92)

ONE WALL STREET

*home of
your man
at the
IRVING!*



IRVING TRUST COMPANY
One Wall Street, New York 15, N.Y.

Capital Funds over \$135,000,000

RICHARD H. WEST, Chairman of the Board

Domestic Banking Division—JOSEPH S. MOSS, Senior Vice President in Charge

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Total Assets over \$1,600,000,000

GEORGE A. MURPHY, President



Identification

In the selection of a product, who made it is an important consideration. Trade-marks provide identification of the origin of products... they reflect reputation.

For several generations La Monte Safety Papers have been preferred by leading banks and corporations. Checks on these fine papers bearing the familiar Wavy Lines or the distinctive Basketweave lines... both La Monte trade-marks... are readily associated with the business whose founder invented Safety Paper.

THE
WAVY LINES®
AND THE NAME
BASKETWEAVE®
AND THE
DISTINCTIVE
BASKETWEAVE LINES
ARE
LA MONTE TRADE-MARKS.



GEORGE LA MONTE & SON • NUTLEY 10, NEW JERSEY

gage given to secure a past consideration is void as against mortgagor's creditors not notified of mortgage. A bulk mortgage given, without notice to mortgagor's creditors, to secure a past consideration, a present consideration and future advancements, is wholly void as against mortgagor's trustee in bankruptcy; mortgagee's contention that mortgage was valid to extent of present consideration and future advances was rejected. *In re Glassman* (C.A., Mich.) 262 Fed. (2d) 857.

Attachment. Bank is liable to attaching judgment creditor where, although warrant of attachment served on bank incorrectly designated the depositor, the bank was aware that its depositor was the one intended and permitted the depositor to withdraw the funds. *Graphic Offset Corp. v. Franklin National Bank* (N.Y. Sup. Ct.) 182 N.Y.S. (2d) 948.

Guaranty. General contractor incurred no obligation to bank where it merely sent letter to bank confirming fact that a certain sum was due to its subcontractor and bank, relying on letter, made loan to subcontractor. *Le Blanc, Inc., v. First National Bank of Bay City* (Tex. Civ. App.) 320 S.W. (2d) 886.

Accommodation paper. Defense of lack of consideration is not available to an accommodation maker of a promissory note in an action on the note brought by the payee if the principal maker, or accommodated party, received the necessary consideration for the execution of the note. *Yost v. Morrow* (C.A., Idaho) 262 Fed. (2d) 826.

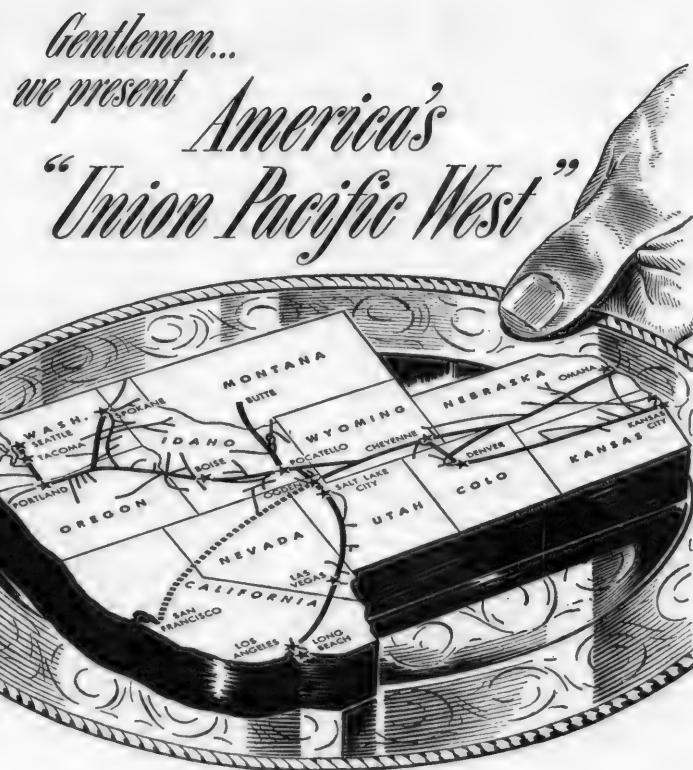
National banks as travel agents. As an incidental power, national banks may, as they have for years, provide travel services for their customers. In addition, says the Comptroller of the Currency, they "may have the reasonable rights and benefits that flow therefrom," which includes participation in the carriers' conference system which establishes "uniform rates of compensation and uniform obligations to perform, on all participating travel agents." Participation in the conference system

is a matter to be determined by the bank involved. *Federal Register*, Vol. 24, No. 52, page 1900.

Promissory notes. Note, reciting "We promise to pay" and bearing the stamped signature of corporation beneath which appeared written signature of individual, was *prima facie* the joint and several obligation of the corporation and the individual where nothing appeared on face of note to indicate that individual signed in a representative capacity. *Katz v. Teicher* (Ga. App.) 107 S.E. (2d) 250.

In action between original parties to a promissory note, trial court's refusal to instruct jury that there was no valid delivery if makers signed note in blank and payee's representative filled in blanks contrary to terms of breached tentative agreement between makers and representative, constituted reversible error. *Leverett v. Awnings, Inc.* (Ga. App.) 104 S.E. (2d) 686.

Deposit in two names. Where special interest account was opened in national bank in name of depositor or his daughter, and both signed signature card providing that account was joint, payable to either or survivor, there arose, under §134(3) New York Banking Law, a rebuttable presumption that a joint account with right of survivorship was intended although the statute does not expressly mention national banks. *In re Kummer's Will* (N.Y. Surr. Ct., Queens County) 182 N.Y.S. (2d) 840.



Here is a large portion of your United States which we are pleased to call the "Union Pacific West." In this vast area people are busy growing things, making things, selling and buying things.

Our railroad plays a vital part in this picture of progress and prosperity. Over Union Pacific rails move the products of fields and forests, mines and factories. Modern equipment and facilities, plus experienced personnel, add up to dependable service.

Within this productive western territory there are choice sites available for manufacturing, assembly, warehousing or other industrial and commercial activities.

Furthermore, to live and work in the West is to really enjoy a healthful, contented existence. And that's an important factor in maintaining a high standard of employee morale. The time-worn phrase "Go west, young man" is still sound advice.

In passenger transportation, too, Union Pacific provides an outstanding service. There are no finer trains than U.P. Domeliner. As a shipper or traveler, our nearest representative will be pleased to serve you.

For information on industrial sites, see your U.P. representative or get in direct touch with . . .

Industrial
Development Department



UNION PACIFIC
Railroad
OMAHA 2, NEBRASKA

BANKING NEWS

Monetary Conference Sponsored by A.B.A. Will Be Held in London, May 5-8; Addresses by Renowned Financiers

From Tuesday through Friday, May 5-8, the Sixth Annual Monetary Conference sponsored by the American Bankers Association will meet in London, with about 100 representatives of large American banks, the Federal Reserve System, and the Treasury Department and representatives from central banks and leading bankers from European countries outside of the Iron Curtain in attendance. The heads of the World Bank and the International Monetary Fund will participate in the meetings, which will be working sessions for off-the-record discussions of international and national monetary problems, broad economic problems, and subjects related to bank managerial policies.

Dodge Is Conference Chairman

Chairman of this year's meeting will be Joseph M. Dodge, chairman of The Detroit Bank and Trust Company, and past president of the American Bankers Association, who has represented the United States at various international conferences and who has served in a number of governmental posts, including director of the Bureau of the Budget, special assistant to the President, chairman of the Council on Foreign Economic Policy, and financial adviser to Japan.

The first five monetary conferences under sponsorship of the American Bankers Association were held at Arden House, the Columbia University "campus" at Harriman, N. Y. Since its inception in March 1954, the objective of the conference has been to enable participants to deepen their understanding of important monetary and economic problems, international as well as national. Another important objective has been to provide an opportunity for leading American bankers to become acquainted with Federal Reserve and Government officials and bankers and economists from other countries.

Representation at these confer-

ences has always consisted chiefly of the active heads of about 40 or 50 of the largest commercial banks in the United States, officials of the Federal Reserve System and the Treasury, sometimes representatives of other Government agencies, a few academicians and industrialists, and a number of private or central bankers from other countries.

Membership Dues Not Used

Because of the limited representation permitted at these meetings, the A.B.A. has not used membership dues funds to defray expenses connected with the conference, which are assessed pro rata among banks represented at the meeting.

Discussions at the conference are "off the record" in order to permit bankers from this and other countries to discuss their subjects with candor and freedom of expression.

The working sessions at this year's conference will be held at Fishmongers' Hall, one of the old guild halls located on the Thames at London Bridge. Working sessions will be held Wednesday and Thursday morning and afternoon and Friday morning. There will be greetings from the Lord Mayor of London and the Governor of the Bank of England and a keynote address by Sir Oliver Franks, chairman, Lloyds Bank Limited, who is a former British Ambassador to the United States.

Chancellor of Exchequer to Speak

On Thursday noon, the conference will be addressed by the Right Honorable Derick Heathcoat Amory, Chancellor of the Exchequer. At a farewell luncheon on Friday noon, Secretary of the Treasury Robert B. Anderson will speak; and a summation of the conference will be given by the Honorable W. Randolph Burgess, presently United States Permanent Representative on the North Atlantic Council and a past president of the American Bankers Association.

13 New Faculty Members Announced by E. Sherman Adams, G.S.B. Director

The Graduate School of Banking has added to its faculty 13 men well known to the financial community, according to an announcement by Dr. E. Sherman Adams, the School's director. Earlier this year, 14 new faculty members were announced, bringing the total of new people for this year's session to 27.

Those added to the School's commercial banking courses include: Lawrence E. Benson, president, Benson & Benson, Princeton, N. J.; Harold F. Still, vice-president and assistant to the president, Central-Penn National Bank, Philadelphia; R. Austin Tydings, vice-president, Union Trust Company, Baltimore; George W. Miller, assistant vice-president, First National Bank, Chicago; and Guido E. Verbeck, Jr., executive vice-president, Guaranty Trust Company, New York.

Dr. Kurt Flexner, director of mortgage finance of the Savings and Mortgage Division of the A.B.A., has joined the savings management faculty.

The courses in trust have four new instructors: Joseph M. Case, chief examiner, Federal Reserve Bank, Philadelphia; Clarence D. Cowdery, vice-president, Boatmen's National Bank, St. Louis; Ronald M. Kimball, vice-president, Continental Illinois National Bank and Trust Company, Chicago; and William F. Lackman, vice-president, Guaranty Trust Company, New York.

Joining the faculty for the course in economics of banking and business are William F. Butler, vice-president, economics research department, Chase Manhattan Bank, New York, and Paul Nadler, assistant professor of business administration, Rutgers—The State University, Newark, N. J.

Robert W. Sparks, executive vice-president of Bowery Savings Bank, New York, has joined the group teaching business development and public relations.

Program for Southern Trust Conference in Birmingham on May 14-15 Announced by Carlyle A. Bethel

Speakers and panel members who will take part in the Southern Trust Conference, to be sponsored by the Trust Division of the American Bankers Association in Birmingham, Ala., May 14-15, have been announced by Carlyle A. Bethel, Trust Division, president. The conference sessions will be held at the Dinkler-Tutwiler Hotel.

Mr. Bethel is vice-chairman of the board and senior trust officer of the Wachovia Bank and Trust Company, Winston-Salem, N. C.

The complete program follows:

First Session

Thursday, May 14, 9:15 A.M.

Presiding, Joseph H. Wolfe, deputy manager, American Bankers Association, and secretary, Trust Division, New York, N. Y.

"Relations between Trust Institutions and the Bar: Address on 'The Respective Spheres of Lawyers and Trust Institutions' by E. Smythe Gambrell, former president, American Bar Association; senior partner, Gambrell, Harlan, Russell, Moyer & Richardson, Atlanta, Ga.; an address by Charles F. Zukoski, Jr., executive vice-president and trust officer, The First National Bank of Birmingham, Ala.

"Pension Trusts—Some Current Aspects" by Hilary L. Seal, member, Morss, Seal & Bret, New York.

"Pensions for the Self-Employed—Past, Present, and Future" by Joseph R. Gathright, vice-president and trust officer, The Kentucky Trust Company, Louisville, Ky.

Second Session

2 P.M.

Presiding, Mr. Bethel.

Carlyle A. Bethel



John W. Remington



E. S. Gambrell



J. R. Gathright



85th Convention Room Reservation Announcement Sent to Member Banks

To Be Held in Miami Beach-Bal Harbour Resort Area Oct. 25-28

Member banks of the American Bankers Association have received from S. N. Bookbinder, chairman of the committee in charge of hotel accommodations, an announcement concerning room reservations for the 85th annual convention of the Association, which will be held in the Miami Beach-Bal Harbour resort area of Dade County, Fla., October 25-28. The announcement contains information about applying for hotel rooms and other items of interest to bankers planning to attend the meeting.

Room Reservation Committee

Mr. Bookbinder is vice-president of the Mercantile National Bank of Miami Beach. Other banker members of the committee are Glen E. Smith, trust officer, Miami Beach First National Bank; and Joseph Shulman, assistant cashier, Central Bank and Trust Company, Miami.

Applications for hotel rooms should be mailed to Frances P. Crane, secretary of the A.B.A. Convention Housing Committee at 220 71st Street, Room 214, Miami Beach 41, Fla. Hotel rooms will be assigned in the order of dates that are postmarked on the envelopes received from the banks by the committee.

Early in the summer, those whose hotel reservations have been cleared through the Housing Committee will automatically be sent forms and instructions describing the procedure to register in advance for the convention.

Prominent Economists to Address G.S.B. Economic Forums on June 10 and 17

Nationally known economists will again participate in two economic forums to be held during the June resident session of The Graduate School of Banking conducted by the American Bankers Association at Rutgers—the State University, New Brunswick, N. J., on June 8-20, according to Dr. E. Sherman Adams, director of the School and deputy manager of the A.B.A. The two forums, which will be held on Wednesday afternoons, June 10 and 17, are features of the course in the Economics of Banking and Business and will be attended by the entire student body of the School.

"The Inflation Problem" and "The Business Outlook" Forum Themes

The first of these forums on June 10 will deal with the subject "The Inflation Problem," and the participants will include Professor Paul W. McCracken of the University of Michigan, Professor Jules I. Bogen of New York University, and Dr. John Langum, president, Business Economics, Inc., Chicago. Professor A. Anton Freidrich of New York University will act as moderator.

The participants in the second forum, on June 17 on "The Business Outlook," will include Professor Raymond Rodgers of New York University; Martin Gainsbrugh, chief economist, National Industrial Conference Board, New York City; and William F. Butler, vice-president, Chase Manhattan Bank, New York City. The moderator will be Edward A. Wayne, first vice-president Federal Reserve Bank of Richmond.

In addition to these two forums, the course will include separate sessions for freshmen, juniors, and seniors. A substantial part of the course is built around the series of six "Monetary Studies" published by the Economic Policy Commission of the A.B.A. Classes include lectures, panels, and small discussion groups led by experienced leaders.

Dr. Karl R. Bopp, president of the Federal Reserve Bank of Philadelphia, will lecture on "Current Problems of Monetary Policy" at one of the sessions for seniors.

Contacts Between Bankers and University Professors at Banking Meetings Bring Broad Area of Benefits

Many benefits have already accrued to banking through a program of inviting leading educators to working banker conferences, according to the Council on Banking Education of the American Bankers Association in a mailing to secretaries of state bankers associations urging increased contacts between college teachers and banking groups. A letter to the secretaries calls attention to the fact that a number of state bankers associations have invited college teachers to their meetings or schools, and reviews recent A.B.A. experience in similar contacts in hopes that the program will be expanded and that more state associations will participate.

From such contacts, the letter says, "Many helpful ideas for our educational program have been received, as well as offers of help and advice in further utilizing university facilities. In addition, a growing

number of key professors have a better informed and more sympathetic understanding of banking and bankers. These men can have a great deal of influence on college students."

The Council on Banking Education is making a form available to the state associations, on which it requests the names of college teachers attending state-sponsored meetings. In return, the A.B.A. will keep the associations advised as to teachers participating in its activities. For several months, it has been compiling a list of college teachers of money and banking and related subjects; and this information will be supplied for use by state secretaries as sources for securing program speakers and teachers for banker schools and courses. Through this procedure it is hoped that a co-ordinated program of cooperation will result.

A.B.A. Study Reveals 1958 Increase in All Principal Items of Assets, Liabilities of State Supervised Banks

Every principal item of assets and liabilities reported in a consolidated statement for the nation's 9,369 state supervised banks increased during 1958, according to the annual reports on assets and liabilities and on earnings and expenses of state supervised banks recently published and available from the State Bank Division of the American Bankers Association.

The study on assets and liabilities

shows that total assets of all state supervised banks stood at \$147,941,571,000 on December 31, 1958. This was an all time high, representing an increase of \$9,870,252,000 or 7.1% over 1957. The 8,851 state commercial banks which include loan and trust companies, private banks, stock savings banks, industrial banks, and cash depositories, held \$110,462,506,000 of this total, and the 518 mutual savings banks found in 17 states held \$37,479,065,000—increases of 7.4 and 6.5%, respectively.

Loans and discounts, which represent the credit services provided by the banks in their communities and include such categories as mortgages, commercial and consumer instalment loans, continued to expand, reaching a high of \$69,071,286,000, and advance of \$3,890,049,000 or 6% above the previous year. State commercial banks held \$45,884,756,000 of this total, and mutual savings banks \$23,186,530,000, gains of 4.4 and 9.2%, respectively. This

(CONTINUED ON PAGE 97)

Harold Stonier Memorial Address at G.S.B. to Be Given by Maurice Megrah

Maurice Megrah, secretary of the British Institute of Bankers (retired), will deliver the Harold Stonier Memorial Address before the entire student body of The Graduate School of Banking's June resident session, conducted by the American Bankers Association at Rutgers—the State University, New Brunswick, N. J., it has been announced by Dr. E. Sherman Adams, director of the School and deputy manager of the A.B.A.

Mr. Megrah, who has recently been elected an Honorary Fellow of the Institute of Bankers, will discuss the increasing importance of the United States in World Trade. He will speak on the evening of Friday, June 12.

The Stonier Memorial Address has been established as a permanent part of the G.S.B. program to commemorate the contributions made to The Graduate School of Banking by Dr. Stonier, the founder of the School



R. C. Young



Maurice Megrah

and its guiding hand for 22 years. The address was established last year at which time the speaker was the Honorable W. Randolph Burgess, permanent U. S. Representative to the North Atlantic Council.

The other all-student assembly during the course of this year's G.S.B. program will be held on Wednesday evening, June 17, at which time the address will be delivered by Dr. R. C. "Scotty" Young, specialist on western education.

Dr. Lewis Webster Jones, former president of Rutgers, and now president of the National Conference of Christians and Jews, will be the speaker at commencement exercises on Friday, June 19. This will mark the first occasion on which commencement will be held in the late afternoon, replacing the practice of an evening commencement.

A.B.A. Membership Reaches 17,545 Banks and Branches, Holding About 99% of Banking Resources of the Nation

Total membership in the American Bankers Association on March 31 was 17,545 banks and branches, according to a report of Frank W. Thomas, chairman of the Association's Organization Committee and president of the Washington Loan & Banking Company, Washington, Ga. The report covers the first seven months of the A.B.A.'s 1958-59 fiscal year.

Included in the total membership of 17,545 are 143 associate members in territories and foreign countries, and approximately 3,600 branch offices of U. S. banks. Total membership one year ago was 17,417.

The new state of Alaska has joined the list of states boasting 100% membership in the Association, as has Utah. In four states, only one or two banks stand in the way of 100% membership, and there are now 23 states and the District of Columbia in which every bank is a member of the A.B.A. They are: Alabama, Alaska, Arizona, Arkan-

sas, Colorado, Delaware, District of Columbia, Florida, Georgia, Idaho, Louisiana, Maryland, Montana, Nevada, New Mexico, North Carolina, Oregon, Rhode Island, South Carolina, Utah, Vermont, Virginia, Washington, Wyoming.

Mr. Thomas' report shows that membership in the A.B.A. now accounts for 98.2% of the nation's banks, holding approximately 99% of the banking resources.

Two Women in NABAC School at U. of Wis. from July 19-Aug. 1

Two women are among the 122 freshmen who will be enrolled in the NABAC School for Bank Auditors and Comptrollers at the University of Wisconsin, Madison, July 19-Aug. 1. Total attendance at this year's session is expected to be 320. The student body will represent 37 states and two foreign countries.

Assets and Liabilities

(CONTINUED FROM PAGE 96)

item represents 46.7% of total assets.

Holdings in United States Government securities reversed a declining trend reported in three previous years and on December 31, 1958, aggregated \$37,837,987,000, an increase of \$3,293,032,000 or 9.5% above the year-end figure in 1957.

Investments in all other securities increased 14.8% or \$1,967,827,000 to a total of \$15,236,174,000 at the year-end.

On the liability side, the state supervised banks reported growing deposits, aggregating \$132,808,724,000 for an increase of 7.3%, or \$9,085,262,000 more than at the year-end 1957. State commercial bank deposits were \$99,061,789,000 or 7.6% higher, and mutual savings banks held \$33,746,935,000 or 6.5% more.

Demand deposits, which had declined in 1957, advanced 4.7%, or \$2,409,339,000 in 1958, to an aggregate of \$53,403,226,000 and a new record high level. Demand deposits represent 40.2% of the deposit structure. State commercial banks held almost all of bank demand deposits, amounting to \$53,380,485,000.

Of the total of \$60,660,668,000 in time deposits, mutual savings banks held more than half, reporting \$33,699,726,000, compared with \$26,960,942,000 in state commercial banks. The gain in total deposits was 8.6% or \$4,820,011,000 over 1957.

58% of School of Banking of South Graduates Have Senior Officer Titles

In the 10 years it has been functioning the School of Banking of the South at Louisiana State University in Baton Rouge has graduated 598 students.

Registrar R. Irby Didier has made a study of the progress these graduates are making in their banks and finds that 58% now enjoy senior officer titles of either president, senior vice-president, executive vice-president, or cashier. Of this same number, only 31% held comparative titles when entering the school.

The School of Banking of the South is held at LSU each year in June.

Southern Trust Conference

(CONTINUED FROM PAGE 95)

trust officer, The National Bank of Commerce, Houston.

"The Development of Trust Business in the South—Ways and Means" by Noel L. Mills, vice-president and trust officer, Deposit Guaranty Bank and Trust Company, Jackson, Miss.

"Community Trusts—Their Potential for Southern Communities and Trust Institutions" by Louis S. Headley, president, National Council of Community Foundations; former president, Trust Division, A.B.A.; St. Paul, Minn.

Panel on Estate Planning led by A. Key Foster, vice-president and trust officer, The First National Bank of Birmingham. Panel members include: J. W. Cocke, Certified Public Accountant, Jackson, Miss.; Edward M. Friend, Jr., Sirote, Permutt, Friend & Friedman, Birmingham Ala.; Colgan Norman, Chartered Life Underwriter, Louisville, Ky.; and Fitzgerald S. Parker, vice-president and trust officer, Nashville (Tenn.) Bank and Trust Company.

Fourth Session

2 P.M.

Presiding, Mr. Schor.

"The Business Outlook" by Joseph K. Heyman, senior vice-president,

"Central Banking" Is General Theme of A.I.B.'s Public Speaking Contest

"Central Banking—Its Impact on a Nation's Banking System" was the subject for the 12 district public speaking contests of the American Institute of Banking held throughout the United States from April 17 through 25, according to Donald K. Trescott, Industrial National Bank, Providence, R. I., who is chairman of the Institute's National Public Speaking Committee.

The district contests were the second step in the selection of the six participants for the finals of the National Public Speaking Contest for the A. P. Giannini Educational Endowment prizes on June 1 in Philadelphia as part of the Institute's annual convention.

Trust Company of Georgia, Atlanta.

"Considerations Determining a Trust Institution's Investment Policy" by Guerry Snowden, vice-president and trust officer, The South Carolina National Bank, Greenville.

"Trust Investments in 1959" by Charles W. Buek, executive vice-president, United States Trust Company of New York, New York.

4-Week Classroom Course in Investment Fundamentals by IBA, Aug. 9-Sept. 4

Fundamentals of Investment Banking, a course for trainees inaugurated in 1946 by the Investment Bankers Association of America, will for the first time be offered as a concentrated 4-week classroom program this summer, Aug. 9 to Sept. 4, according to William D. Kerr, partner, Bacon, Whipple and Co., Chicago, president of the association.

Originally offered as a classroom course by IBA groups in cooperation with universities throughout the country, the program has also been available since 1951 on a home-study basis through The University of Chicago.

At least once each year since 1946, the Education Committee of the Central States Group of the IBA in cooperation with Northwestern University has offered this program on a 17-week basis with six class hours a week.

The concentrated 1959 summer program will be identical in content with this 17-week Central States Group course. Trainees will be quartered in modern dormitories on the Evanston Campus of Northwestern and meals will be served in a closely adjacent University dining room.

•NEWS•

5 Thrift Account Choices

THE Bank of the Commonwealth in Detroit, Mich., now offers five different types of thrift accounts, the newest of which is its new Medallion Savings Account on which it pays 3% interest. The minimum opening and balance for this category is \$500 and a 30-day notice of withdrawal of deposits is required.

Interest is compounded quarterly and figured on the highest balance remaining continuously on deposit for the quarter.

The other types of account offered by Commonwealth include (1) a Medallion Savings Book Account,

on which 2½% interest is paid and on which interest checks are mailed semiannually; (2) Medallion Certificates of Deposit, earning 3% if left undisturbed more than six months; (3) Special Certificates of Deposit, earning 2½% to 3% interest for varied periods, which is designed for temporary excess funds of corporations and business firms; and (4) the regular thrift savings account for people who desire to deposit and withdraw funds without any restrictions.

Mutuals Issue Facts Book

THE origins, organization and structure, investment programs, de-

posit trends, taxation, economic function, and other pertinent information about mutual savings banks are summarized in the booklet, "Important Facts About Mutual Savings Banking," issued recently by the National Association of Mutual Savings Banks.

Dr. Grover W. Ensley, executive vice-president of the National Association, said that the purpose of the booklet "is to inform a wide audience of the basic principles of savings banking and to indicate the manner in which the industry fulfills its broad objectives of promoting thrift among individuals of modest incomes and contributing to the economic growth of the nation."

Savings

Home financing constitutes the principal investment of mutual savings banks, their mortgage holdings representing approximately 60% of their total assets; next in importance are United States Government securities, which represent 20% of total assets; and investments in corporate and state and municipal securities represent 15% of total assets.

Copies of the booklet may be obtained on request from the association, 60 East 42nd Street, New York 17, N. Y.

What '59 Holds for Mutuals

AT its recent economic conference in New York City, the National Association of Mutual Savings Banks made an appraisal of the outlook for mutual savings banks, which, in some areas, applies equally to commercial banks with savings and mortgage departments. The NAMSB summarizes its conclusions as follows:

Savings banks should not lack for favorable investment opportunities in the immediate months ahead. Over-all demand for mortgage funds in the nation as a whole should continue strong as the building of homes and nonresidential structures is maintained in large volume and markets for existing properties continue active. The large volume of mortgage commitments currently outstanding assures a continued heavy flow of mortgage funds from savings banks. In extending new commitments, prospective changes in financial markets must be carefully appraised in view of the relative inflexibility of interest rates on Government-underwritten mortgages.

Particularly important in the weeks ahead will be an appraisal by bank management of the potential impact on investment opportunities of imminent legislative changes in Federal mortgage programs, including liberalization of underwriting terms, expansion of special activities, and additional authorization for urban renewal programs. The proposed increase in VA mortgage interest rates from the submarket 4 1/4% to the more realistic 5 1/4% is especially significant.

A large volume of new Treasury securities is likely to be available in coming months, both new offerings and refundings. The increased willingness of the Treasury to compete with other capital market borrowers, and the likelihood that corporate security offerings will be reduced, may find savings banks attracted more to the U. S. Governments than heretofore as a supple-



Personal Money Management and Manual for Instructors, published last year by the A.B.A. Savings and Mortgage Division, have been translated into Japanese by the Ministry of Finance of The Japanese Government. The Ministry underwrote the expense of publication and has distributed them to educational institutions, women's organizations, banks, and other financial agencies. This is how the Japanese version of *Personal Money Management* looks in a deep red cover with a pink replica of the A.B.A.'s cover inserted. The booklet follows the Oriental custom of being opened at left margin instead of at the right, as in the western world

ment to continued large mortgage acquisitions. The nature of the recent offering to raise \$4-billion in cash is further evidence of the determination of Treasury officials to overhaul the structure of debt and to attract investors to Government securities. In view of the innovation in debt instruments and the willingness of the Treasury to price issues competitively, savings bankers will be well advised to watch closely the market for U. S. Government securities.

The outlook for individuals' liquid savings, while not quite as buoyant as a year ago, is nonetheless favorable. Net savings flows to savings banks in the first two months of 1959 were moderately below a year earlier, when volume was at a record high. Competition for savings will continue generally strong. A comprehensive review of the nature and scope of savings bank services with a view towards possible improvement or expansion is appropriate.

A higher level of interest rates and yields in capital markets during the

• NEWS •

early months of 1959 than in corresponding months of 1958 should make possible higher average earnings for savings banks. This will permit the continuation of traditional savings bank policy of maintaining adequate surplus for the protection of depositors.

How Two Banks Present Their Annual Statements

THE annual statements of two mutual savings banks — The Manhattan Savings Bank in New York City and The Philadelphia (Pa.) Saving Fund Society — are exceptionally attractive in their method of presentation and use of illustrations.

The Manhattan Savings makes extensive use of its bank lobby as a customer relations medium. Almost any time one passes by the bank he will find crowds inside and on the sidewalk outside peering through the large windows viewing industrial exhibits, fashion shows, unusual floral and fountain arrangements, ballets on ice, musicals by choral groups and string ensembles, and Santa Claus in his sleigh handing out good cheer to groups of children. Special holidays and religious days, such as Thanksgiving and St. Patrick's Day are appropriately marked. On St. Patrick's Day, for example, shamrocks, flown from Ireland, are given to young depositors.

Using the New York skyline at night on its statement's front and back covers, the Manhattan interlaces its statistical report with pictures of its lobby programs and includes pictures with brief caption stories of many of the large industrial and housing programs it has assisted in financing.

"PSFS Tour . . . to Security . . . and the Good Things of Life" is the title of the 5-color 142nd annual statement of The Philadelphia Saving Fund Society. Through the use of cartoons and bright splashes of color, Society tells how many people (161,985) began their tour by opening PSFS accounts in 1958. Of this total, 20,456 were school children making use of the school bank.

• NEWS •

At the left side of the triple inside fold, is a cartoon of Uncle Sam standing on a map of the United States and looking through binoculars at "special points of interest." The center and right side of the sheet are devoted to colorful road markers, directed at (1) the bank's building; (2) a group of suburban homes; (3) public works (school, bridge, etc.); and (4) business and public utility plants. These tell how the depositors' money is safeguarded and invested by the bank. At the bottom of the page are two arrows, directed at each other, which tell the story of the growth of savings through interest payments and regular deposits.

Comparison of Various Forms of Savings At 1957 and 1958 Year-ends

(in millions of dollars)

Institution	Dec. 31 1957	Dec. 31 ⁽¹⁾ 1958	\$ Incr.	% Incr.
Comm'l banks	\$56,139	\$62,900	\$6,761	12.0
Mutual savings banks	31,662	33,900	2,238	7.1
Life ins. cos.	83,400	87,700	4,300	5.2
Savings & loans	41,912	47,926	6,014	14.3
Mutual funds	8,714	13,242 ²	4,528	52.0
Credit unions	3,382	3,800	418	12.4

(1) Estimated.

(2) At market value.

SOURCE: *Federal Reserve Bulletin*, Institute of Life Insurance, National Association of Investment Companies, and others.

The concluding portion of the folder includes a map of the Greater Philadelphia area, showing where branches are located and giving pertinent facts about banking-by-mail, convenient offices for suburban customers, early morning and late afternoon and evening banking hours, free parking, and drive-in banking.

The statistical portion of the PSFS statement is brief and to the point and the listing of officers and managers is unobtrusive.

Housing and Mortgages

First Quarter Housing Starts Set All-Time Record

NEW nonfarm housing units started in the first quarter of 1959 totaled 295,000, a 42% rise over 1958, and exceeding by a few thousand the first quarter record set in 1955, according to the U. S. Bureau of Labor Statistics.

March new nonfarm housing starts numbering 120,000, including 3,000 public units, also set a March record. This points to an annual starts record in 1959.

Seasonally adjusted annual rate of private housing starts alone in 1959 is set at 1,390,000, exceeding the banner year of 1955, when 1,309,000 private units were started.

Uptrend in private housing reflects wide expansion of activity under FHA and VA programs, as well as strength in conventionally financed new housing.

Construction 12% Higher in March '59 Than March '58

THE dollar volume of new construction put in place rose seasonally in March, bringing the total for the first quarter of 1959 to a

Comparison of Mortgage Credit Held by Various Agencies on December 31, 1957, and December 31, 1958

AT the end of 1958 the volume of real estate mortgage credit outstanding on all types of property and held by all types of mortgage lenders totaled \$171.2-billion, according to the *Federal Reserve Bulletin*. At the 1957 year-end, the

volume of real estate mortgage credit outstanding was \$156.6-billion, making a 1958 increase of \$14.6-billion.

A comparison of the volume of real estate credit held by the various lending agencies follows:

(in millions of dollars)

	Dec. 1957	Dec. 1958 ⁽¹⁾	\$ Incr.	% Incr.
Commercial banks	\$23,337	\$25,510	\$2,173	9.3
Mutual savings banks	19,010	20,943	1,933	10.2
Life ins. cos.	35,236	37,097	1,861	5.3
Savings & loans	40,007	45,599	5,592	14.0
<hr/>				
Gvt.-underwritten residential loans	3,715	6,349	2,634	70.9

(1) Estimated.

SOURCE: *Federal Reserve Bulletin*.

record \$10.9-billion, or 12% more than in the like 1958 period, according to estimates prepared by the U. S. Departments of Commerce and Labor.

The latest quarterly figures reflect a 10% rise in private construction from the first quarter of 1958—

paced by a 32% increase in new housing outlays. The expansion in residential construction, plus scattered gains in other private types of work, more than offset the continuing weakness in office and industrial building.

In the public sector, most types

of construction shared in the 16% advance in 1959 over the first quarter of 1958. Activity was off slightly for educational building and water projects.

A.B.A.'s Interstate Mortgage Investments Guide

THE Department of Mortgage Finance of the American Bankers Association has available for distribution a plan of suggested procedures to serve as a guide for banks in making interstate investments in federally insured mortgages for their own accounts or for clients, including pension plan trusts. The plan was formulated by John J. Redfield, a partner in the legal firm of Cadwalader, Wickersham, and Taft of New York City under the direction of the Subcommittee on Pension Fund Mortgage Investments of the A.B.A. Committee on Real Estate Mortgages of which Cowles Andrus, senior vice-president of the New Jersey Bank and Trust Company, Passaic, is chairman. It will be available to A.B.A. member banks on request at a nominal cost covering publication.

The plan is based on legal studies made by law firms in New York, California, and Texas, and suggests procedures useful to banks in the interstate buying, selling, servicing, and custody of federally backed mortgages either for their own accounts or for clients, including pension plan trusts. While the conclusions and suggested procedures for pension fund investment in interstate mortgages which are developed in the study represent the views of Mr. Redfield, "in the opinion of the Committee, they constitute a valuable contribution to the knowledge and understanding of the subject."

80,000 Homeowners' Contest

MORE than 80,000 homeowners entered the "How's Your Home" contest of the Home Improvement Council of New York, each of whom gave a detailed check-list of his home improvement desires. This list gives the Council and its members valuable and an inexhaustible source of information on the wants and needs of the industry's customers.

• NEWS •

The first prize was 25,000 \$1 bills and the second prize was \$10,000. The 1,001 other winners received awards ranging in value from \$20 to \$500.

GE's Modernization Booklet

IN a manual entitled "Medallion Home Program for the Modernization Market—Plan of Action for Electric Utilities," the General Electric Company points out that "the builder's model home has become a showcase of better living," adding:

"In a single year 30,000,000 people visit model homes looking for ideas, yet only 1,000,000 actually buy. What happens to the other 29,000,000? It's only natural that they are prospects for modernization, and it's only good business sense to tap this reservoir potential."

Electric Heating is a reprint from January *Coal Age* also being distributed by General Electric.

Instalment Credit

Trends in Credit And Allied Fields

1958's mobile home sales—totaling \$578,997,000—lagged behind the industry's all-time high in 1957, but brought the total in mobile home outstandings to over \$1,250,000,000 by the end of that year.

Responses from 280 banks and finance companies (representing about 40% of this paper outstanding) to a June 1958 survey by the Mobile Home Manufacturers Association unearthed the following:

Terms are edging up—twice as many lenders were willing to stretch to six and seven years as would have done so the previous year.

Delinquencies rose 4% from 1957. Comparison of this paper to auto paper: 98% of respondents thought

their experience with mobile home paper was equal to or better than in 1957 with auto paper. Only 90% still thought this in 1958.

Average contract size for 1958

was about \$2,750. For 1957 it was \$3,463.

Highly recommended reading: *Mobile Homes Financing* by Ralph M. Natale, and *The Law of Mobile*

Folks attracted to this ancient Model T Ford exhibited by Hutchinson (Kans.) Bank and Trust Co. at that town's annual Better Living Show made use of the opportunity to ask bank officials lots of questions about car finance



•NEWS•

Homes by Hodes and Roberson. Both are available gratis from the association at 20 North Wacker Drive, Chicago 6, Ill.

States Raise Loan Limits

Loan limits and interest rates are presently targets of state legislation and much discussion. Some examples: A Pennsylvania bill would revise instalment loan limits on automobiles, home improvements, etc., upwards from \$3,500 to \$5,000, while cutting delinquency charges. Minnesota's Governor Freeman is asking for the small loan maximum to be doubled to \$600 in that state, with an accompanying slash in interest rates. Iowa has raised small loan limits and cut legal rates.

New York small loan limits have been raised, and credit laws in that state have been revised to permit finance companies to offer credit life insurance. And in Colorado, a state in which there has been no instalment credit regulation, pressure is being brought to bear on the state legislature by finance companies and auto dealers, both of whom would like to see some state controls.

A Maryland bill would raise in-



First National Bank and Trust Company in Ithaca, N. Y., got a lot of mileage out of a Thunderbird, Jr. This fiberglass, battery-powered one-seat replica of a Thunderbird, just large enough for a child, was displayed on the floor of the bank, featured in newspaper advertising, and then awarded as a prize in a drawing for children under 12 held at the bank's instalment finance exhibit booth at a citywide Sports Exposition. The lucky winner is shown "receiving the keys" from First National's assistant vice-president, Anthony DiGiocomo

stalment loan limits from \$1,500 to \$2,500, increase interest charges and raise maximum service fees.

Alabama bankers would like to see credit loan maximums raised and are waiting for legislative storm over loan company rates to abate.

3-Way Tuition Plan

Chemical Corn Exchange Bank, New York City, has announced a tuition loan plan combining instalment credit, life insurance, and a trust account. Up to \$10,000 is provided for schooling—at prep school, college, graduate school, or what-

ever—with monthly repayments starting shortly after the establishing of the loan extending for periods up to six years. The plan provides for establishment of a trust fund, from which semester tuitions are paid directly to the borrower or to the institution. If the borrower—a parent, guardian, fond uncle, or whoever—should die at any time during the term of the loan, the tuition payments are continued from the trust account and the loan obligation is canceled by insurance coverage.

(CONTINUED ON PAGE 104)

CALENDAR

1959		MAY					1959	
S	M	T	W	T	F	S		
				1	2			
3	4	5	6	7	8	9		
10	11	12	13	14	15	16		
17	18	19	20	21	22	23		
24	25	26	27	28	29	30		
31								

JUNE						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

JULY						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

AUGUST						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

SEPTEMBER						
S	M	T	W	T	F	S
	1	2	3	4	5	
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

OCTOBER						
S	M	T	W	T	F	S
	1	2	3			
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

American Bankers Association

May 14-15 Southern Regional Trust Conference, Dinkler-Tutwiler Hotel, Birmingham, Ala.

June 1-5 American Institute of Banking, The Bellevue-Stratford and the Sheraton Hotels, Philadelphia, Pa.

June 8-20 Graduate School of Banking, Rutgers University, New Brunswick, N. J.

Oct. 15-16 Western Regional Trust Conference, St. Francis Hotel, San Francisco

Oct. 25-28 85th Annual Convention, Miami Beach, Fla.

Nov. 5-6 28th Mid-Continent Trust Conference, Statler Hotel, Detroit, Mich.

Nov. 9-10 8th Annual National Agricultural Credit Conference, Netherland-Hilton Hotel, Cincinnati, Ohio

State Associations

May 5-6 Tennessee, New Gatlinburg Inn, Gatlinburg

May 7-8 Oklahoma, Mayo Hotel, Tulsa

May 7-9 North Carolina, The Carolina Hotel, Pinehurst

May 8-9 North Dakota, Clarence Parker Hotel, Minot

May 8-12 Maryland, Chalfonte-Haddon Hall, Atlantic City, N. J.

May 10-12	Missouri, Muehlebach Hotel, Kansas City	June 25-	New York, Monmouth & Essex & Sussex Hotels, Spring Lake, N. J.
May 10-12	Texas, Gunter Hotel, San Antonio	July 9-10	Western Secretaries Conference, Glacier National Park, Mont.
May 13-15	Kansas, Hutchinson	July 23-25	West Virginia, The Greenbrier Hotel, White Sulphur Springs
May 14	Delaware, du Pont Hotel, Wilmington	Aug. 2-4	Central States Conference, Stanley Hotel, Estes Park, Colo.
May 14-15	Massachusetts, New Ocean House, Swanpscott	Aug. 9-21	Colo. School of Banking, Univ. of Colo., Boulder
May 14-16	South Carolina, Poinsett Hotel, Greenville	Sept. 10-12	Maine Savings Banks, The Balsams, Dixville Notch, N. H.
May 15-16	South Dakota, Sheraton Cataract Hotel, Sioux Falls	Sept. 17-19	Massachusetts Savings Banks, Wentworth-By-The-Sea, Portsmouth, N. H.
May 17-19	California, del Coronado Hotel, Coronado	Oct. 8-10	Connecticut Savings Banks, The Greenbrier Hotel, White Sulphur Springs, W. Va.
May 18-20	Mississippi, Buena Vista Hotel, Biloxi	Oct. 11-12	Nebraska, Sheraton Fontenelle Hotel, Omaha
May 19-20	Illinois, Chase-Park Plaza Hotel, St. Louis, Mo.	Oct. 16-17	New Hampshire (Fall Meeting), Mountain View House, Whitefield
May 20-22	Alabama, Tutwiler Hotel, Birmingham	Oct. 16-21	New York Savings Banks, S. S. Nieuw Amsterdam, Cruise to Bermuda
May 20-23	New Jersey, Chalfonte-Haddon Hall, Atlantic City	Oct. 18-20	Kentucky, Brown Hotel, Louisville
May 21-23	Colorado, Broadmoor Hotel, Colorado Springs	Nov. 1-4	Iowa, Fort Des Moines Hotel, Des Moines
May 22-23	New Mexico, La Fonda Hotel, Santa Fe	Nov. 12-14	Arizona, Biltmore Hotel, Phoenix
May 24-27	Pennsylvania, Chalfonte-Haddon Hall, Atlantic City, N. J.	Dec. 3-5	Southern Secretaries Conference, Grand Hotel, Point Clear, Ala.
May 25-27	Arkansas, Arlington Hotel, Hot Springs		
May 31-			
June 2	Oregon, Marion Hotel, Salem		
June 3- 4	Indiana, French Lick-Sheraton Hotel, French Lick		
June 3- 7	Dist. of Col., The Homestead Hotel, Hot Springs, Va.		
June 4- 6	Utah, Utah Hotel, Salt Lake City		
June 5- 6	Connecticut, Equinox House, Manchester, Vt.		
June 7- 9	Idaho, The Lodge, Sun Valley		
June 9-10	Minnesota, St. Paul Hotel, St. Paul		
June 11-13	Washington, Olympic Hotel, Seattle		
June 11-13	Wyoming, Casper		
June 13-	Nevada, Hotel Riverside, Reno		
June 15-17	Wisconsin, Schroeder Hotel Milwaukee		
June 18-20	Michigan, Grand Hotel, Mackinac Island		
June 18-20	Montana, Grand Canyon Hotel, Yellowstone Park, Wyo.		
June 18-20	Virginia, The Homestead, Hot Springs		
June 19-20	*New Hampshire, Wentworth - By - The Sea, Portsmouth		
June 19-20	*New Hampshire Savings Banks, Wentworth-By-The-Sea, Portsmouth		
June 19-20	New Jersey Savings Banks, Monmouth Hotel, Spring Lake		
June 19-20	Vermont, Equinox Hotel, Manchester		
June 19-21	Maine, Poland Spring House, Poland Spring		
*Joint meeting			

All banking associations are invited to send in dates of their forthcoming meetings for this calendar.

NOVEMBER						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

DECEMBER						
S	M	T	W	T	F	S
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

1960 JANUARY 1960						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

FEBRUARY						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

MARCH						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

APRIL						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				



main street (con't)

ELIZABETHPORT BANKING COMPANY, Elizabethport, N. J., starts on new Jefferson Avenue office, scheduled to open at time of bank's 70th anniversary this summer.

PEOPLES NATIONAL BANK of CHARLOTTESVILLE, Va., and BANK OF GREENE, INC., Stanardsville, Va., merge.

NORTHEASTERN PENNSYLVANIA NATIONAL BANK AND TRUST COMPANY and PIONEER DIME BANK, Carbon-dale, announce merger pending approvals.

FIRST NATIONAL BANK AND TRUST COMPANY of PATERSON, N. J., becomes FIRST NATIONAL BANK OF PASSAIC COUNTY.

LONG ISLAND TRUST COMPANY opens drive-in facility in Freeport, L. I., N. Y.

ALASKA NATIONAL BANK of FAIRBANKS opens Nenana branch.

NATIONAL BANK of COMMERCE, Memphis, Tenn., opens Oakville branch.

CITIZENS BANK of MARYLAND opens new Prince Georges Plaza branch in Hyattsville, Md.

MOTHER LODE BANK opens Grass Valley, Calif., office.

MARION (Pa.) BANK merges into FARMERS and MERCHANTS TRUST COMPANY.

WORCESTER COUNTY NATIONAL BANK announces new Fitchburg Mass. office to open this summer.

PIKESVILLE-PEOPLES BANK, Baltimore, announces merger, subject to approvals, into FIDELITY-BALTIMORE NATIONAL BANK.

KENNEWICK (Oreg.) FIRST NATIONAL BANK becomes branch of SEATTLE-FIRST NATIONAL BANK after merger.

Merger, subject to approvals: WEST HUDSON NATIONAL BANK of HARRISON and FIRST NATIONAL BANK of JERSEY CITY, N. J.

Bank "Remembers the Alamo"



Left, Harris W. Bass, executive vice-president, Bank of Commerce, Fort Worth, Tex.; right, Elton M. Hyder, Jr., president, Fort Worth Children's Museum.

On the 123rd anniversary of the defense and fall of the historic mission, a brief public ceremony was held at the Bank of Commerce in Fort Worth and a stone from the Alamo was presented by the bank to Fort Worth Children's Museum. This was done in cooperation with the Texas Memorial Museum and Texas Heritage Foundation, which are conducting a campaign to place a memento of the Alamo in every Texas county.

Instalment Credit (CONTINUED FROM PAGE 101)

CIT Enters Home Field

Banks and their competitors, busily merchandising home repair and home addition loans at this time of year, are being joined by a newcomer to the field. Universal CIT is extending itself beyond its auto finance boundaries, and into home improvement loans with "P.I.P." — property improvement loans offered through established contractors, and dealers and credit life insured. Rates, not FHA guaranteed, are expected to be higher than bank rates and to vary by locale because of competitive situations and state legislation.

\$1.6-billion, or 75% of the \$2.1-billion of home improvement loans outstanding are currently held by commercial banks.

Life Charges Investigated

Half the car-purchaser respondents to a recent Association of Better Business Bureaus pilot study were paying for credit life on their auto loans and didn't know it.

Premium charges vary significantly, says the Bureau association.

If findings of a broader study now being entered into by Better Business Bureaus across the country warrant it, a summary report on the topic may be prepared by the end of the summer.

The association's concern is not with the varying charges but rather with determining whether or not coverage was included with the purchaser's knowledge and consent, and whether or not charges are listed separately so that the customer can see what they cost him.

Apropos of auto insurance and Better Business Bureaus: remember the concern about auto casualty misclassifications a few years ago, involving lack of driver status declarations in insurance dealings involving a handful of finance companies? Some purchasers not deserving the classification were charged highest risk rates, and didn't know it.

An original estimate of monies wrongfully gained in this manner was \$25,000,000, according to the association.

Some \$9,600,000 has been returned to date.

Natural Controls Work

Monetary policy, as it operates through bank reserves to affect cost and availability of credit, is a natural "market process"—the only kind of process through which interplay of competitive forces can be encouraged on a basis that will facilitate our nation's growth on a sound and stable basis—John W. Remington, A.B.A. vice-president to a recent Louisiana Bankers Association president.

Make certain, he admonished, that your direct lending operations reflect the environment created by monetary policy, and help others who use your resources in the extension of credit to recognize this important responsibility for protecting the health of the consumer's finances.

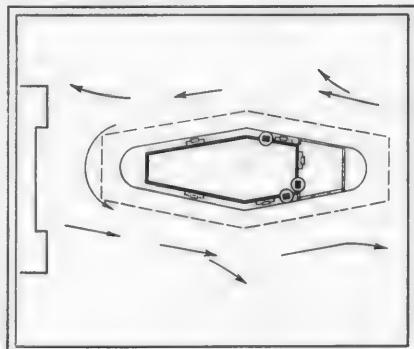
Do this successfully, and the rest of the world will look to your behavior and experience as an example of the rewards that can be earned for themselves by a responsible, free people.



At the Security National Bank, Kansas City, Kansas

business is booming in the parking lot

Above: Customer puts deposit in draft-proof, end-opening money drawer. Drawer keeps money in view, eliminates acrobatics required by other windows. Below: Hexagonal shape was suggested by architect. It provides additional facings for windows. Lobby is air conditioned, open 24 hours a day. Entire installation is protected by Mosler Century Alarm system.



"The nuisance of finding a parking place in downtown Kansas City was forcing many of our customers to do their banking elsewhere. We wanted to hold them," says Maurice L. Breidenthal, Chairman of the Security National Bank, Kansas City, Kansas. "To help remedy this situation, we called in our architects and our Mosler representative. After studying our problem, they recommended building a motor bank in our parking lot. When we opened, business increased about 10%. We realized we practically had a branch office...only 500 feet from the main bank. Our motor bank tellers—with the help of Mosler equipment—can perform all teller-services available in our main building.

"Mosler equipment in our new facility includes three drive-in windows (there's room for a fourth when business warrants), a walk-up window, a Day and Night Depository inside and out, six money lockers and a complete alarm system connected with the police department. We had three reasons for selecting Mosler equipment: reputation, service, fool-proof engineering."

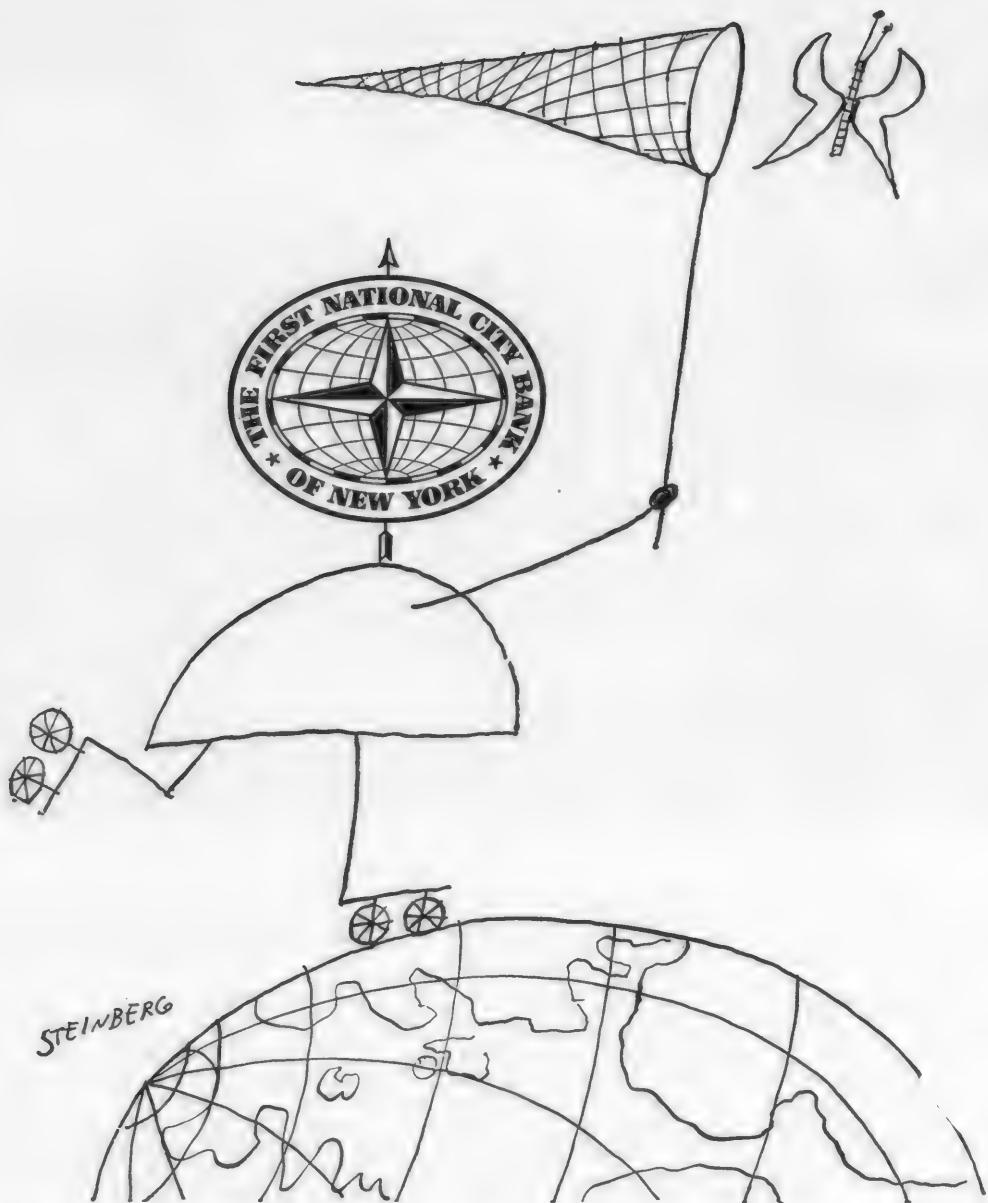
Problem Solving—a Mosler Specialty

From auto banking to the largest vaults and doors, Mosler design and manufacturing experience is at your service. Write for Mosler's "AUTO BANKING IDEA BOOK" and information on any problem involving banking equipment.

Integrated banking equipment by

THE MOSLER SAFE CO.

*Dept. M. 320 Fifth Avenue, New York 1, N.Y. • World's Largest Builder of Safes and Vaults
In Canada: Mosler-Taylor Sales Ltd., 145 Front Street East, Toronto, Canada*



**YOU GET FAST COLLECTION SERVICE AROUND
THE WORLD...WHEN FIRST NATIONAL CITY
IS YOUR CORRESPONDENT**

The FIRST NATIONAL CITY BANK of New York

HEAD OFFICE: 55 WALL STREET, NEW YORK 15, N.Y.

77 OVERSEAS BRANCHES, OFFICES AND AFFILIATES • 78 BRANCHES IN NEW YORK

Around-the-clock Transit Service • Collections • Credit Information • Bond Portfolio Analysis • Complete Securities Handling Facilities • Dealers in State and Municipal Bonds • Participation in Local Loans Personalized Service • World-Wide Banking Facilities • Complete Metropolitan New York Office Coverage

Member Federal Deposit Insurance Corporation

First in World Wide Banking



Our booklet, "Speed", describes the many ways First National City's check collection service can help you. We will be pleased to send you a copy free on request.

Lending Policy

(CONTINUED FROM PAGE 88)

which in our area is usually 30 months, but often we find that many of their borrowers have such heavy payment schedules that they continually have to go back to the PCA offices for additional loans to pay bills. This involves additional paper and service work, and is not well-liked by farmers. It has been a great aid to us in obtaining new customers.

Using Correspondent and Insurance Relationships

(5) When we obtain a farm customer, we must be prepared to help him on all of his loan needs, if his credit warrants it, and if his requirements are beyond our ability to handle, it is up to us to have a correspondent relationship or an insurance company affiliation, which can be depended upon to help us with the excess line. I feel sure that some of us will be meeting this problem oftener in the future.

There are correspondent banks in Chicago, Kansas City, cities in Texas, and in other parts of the country that furnish a very fine agricultural service. Some city banks in the East might find the establishment of an agricultural department which would serve the needs of country correspondents a profitable investment, not only for the increased participation loan business they would receive, but from trust business involving farm estates which they might originate or obtain through their correspondents.

Emphasis on Banker Education

(6) We must place greater emphasis on banker education in the nature of farm credit problems and the potential role credit can play in agricultural progress. Many bankers say that the same money invested in consumer loans or even in bonds would earn as much or more. This is a debatable point, particularly if proper valuation is given to all of the indirect benefits a bank may obtain from farm customers. Even if we concede this might be true, a bank located in an agricultural area should be interested in contributing to the development of that area.

(7) We must work to develop better customer relations with our farm customers. Too many times we embark on a new business campaign

or try to develop an old one without first working out a definite customer relations program. We should remember that we have to provide the facilities and the services that will make the public want to continue to do business with us. We must give the farmer more attention than we have in the past and arrange our offices to provide comfortable facilities adapted to their needs. If a loan has to be turned down, we should try to explain the unsoundness of the proposal tactfully and show the applicant how his affairs might be adjusted to make him eligible for credit.

Personal Contacts Valuable

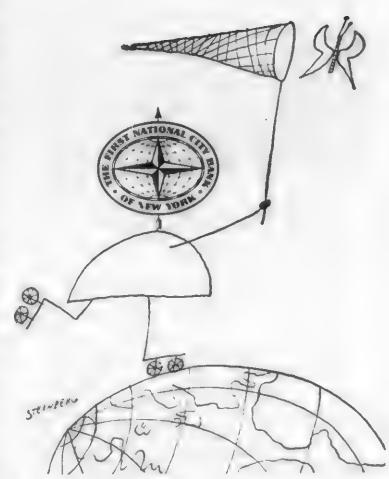
(8) An active farm loan program makes it desirable for bank officers and employees to come into personal contact outside the bank with farm customers and potential customers. Active interest and participation in local farm organizations, where the objective is to fraternize and keep abreast of current conditions rather than to solicit business, will pay large dividends. Keeping farm leaders informed of your bank's attitude toward agriculture and the facilities it has available for service to the community will more than repay the bank for its time and effort.

(9) And lastly, I come to what I think is the most important aspect of any bank's agricultural lending program: In order to serve agriculture effectively a bank should have on its staff a man or men trained in agriculture—a man capable of becoming a bank officer if he is not already one.

Direct Contact

Regardless of his title, this man is the direct contact between the farmer and the bank, and his duties are both promotional and technical. Briefly, he must be in charge of farm loans; he must go to the farmer instead of waiting for him to come to the bank; he must be able to discuss technical and financial problems sympathetically with the farmer; and he should present the advantages of the services your bank has to offer.

I am convinced that the nation's country banks can provide the type of credit which progressive, efficient farmers need. It is in the best interests of the bank and the farmers for us to give this service.



NET 90%

of the selling commission when you sell
First National City
Bank Travelers Checks

- Instantly acceptable everywhere
- Prompt refund service
- Advertised throughout the world

National advertising...
plus free sales aids
pre-sell your customers
to buy First National
City Bank Travelers
Checks.



BACKED BY THE BANK THAT'S
FIRST IN WORLD WIDE BANKING
Member Federal Deposit Insurance Corporation



Ready for business in the

FIRST NATIONAL BANK OF DENVER



19 Streamlined MP-Jr. Coin Changers

specially color-matched to Bank's interior

Used by almost $\frac{1}{2}$ of nation's banks! Designed for speed, accuracy and simplicity of operation, gives faster customer service. A trial will convince you. 1000 in use by Western Bank Chain.

Sturdy aluminum with handsome hammertone finish. Removable tray with inside storage box. Capacity \$125, pennies through half-dollars. Size: 8" x 10" x 6 $\frac{1}{4}$ ". Parts and workmanship guaranteed. Now in choice of 4 decorator colors: Tan, blue, green, and silver-grey...all with hammertone finish. Ask about our color-matching service for quantity orders.



METAL PRODUCTS ENGINEERING, INC.
Dept. B, 4000 Long Beach Ave., Los Angeles 58, Calif.



The lowest priced
modern Coin Changer

\$69 PLUS
TAX

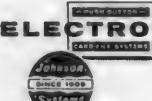
Seeing
is
Believing!



ELECTROFILE
Push-Button
Random Access
FILING

AUTOMATES
SMALL
LOAN OPERATIONS

Find out today how the revolutionary ELECTROFILE automatic filing system saves time, speeds daily work and gives you better control for more profitable operation in banks and finance companies. It's simple, flexible. In most cases your present cards can be utilized. One demonstration will convince you. Contact our nearest office for details.



ELECTROFILE Division JOHNSON FARE BOX COMPANY
A BOWSER Subsidiary

4635 N. Ravenswood Ave., Chicago 40, Ill.
Phone: LONGbeach 1-0217

DISTRICT FIELD OFFICES

NEW YORK 17: 420 Lexington Ave. DALLAS 19: 1706 Hinton St.
CLEVELAND 11: 4209 W. 150th St. SAN FRANCISCO 3: 468 Ninth St.
BOSTON: 25 Southwest Park, Westwood (Boston Suburb)

SALES AND SERVICE OFFICES IN OTHER CITIES LISTED UNDER BOWSER, INC.

Stimulating Staff Sales and Ideas

THE experience of the First National Bank in St. Louis indicates that year-round cash awards to employees for new business development and ideas are, in the long run, the most satisfactory incentives.

Reporting on the bank's 5-year-old program for thus stimulating staff salesmanship, Vice-president C. Arthur Hemminger told the annual Southern Conference of the National Association of Bank Auditors and Comptrollers: "It is now producing new business in all categories at approximately a million-dollar-a-year rate, at a cost in awards of $\frac{1}{3}$ of 1% of opening balances.

"Our award program is administered in a democratic manner. Committees comprising both line and staff pass on all new business claims, as well as on suggestions submitted by employees."

Although he commended new business and idea incentives, Mr. Hemminger warned that these programs are "neither self-starting nor self-perpetuating. They must be nurtured, publicized, and encouraged," he said. "Above all, top management must lend them unqualified and whole-hearted support. If these conditions can be met in your bank, you are well on your way towards making good salesmen and good team members out of all your employees."



"Sorry! This isn't a diner!"

Defense Weapon

The telephone is a defense weapon—and an important one.

A manufacturer of rockets, for example, needs data or delivery on a specific part. He picks up his telephone, makes several Long Distance calls, and his problem is solved.

An unidentified aircraft is detected in flight by a radar installation. The information is relayed automatically and instantly over telephone cables to a defense center.

It is then flashed over the network of special Bell System telephone lines which link the country's entire system of continental defense.

The role of the Bell System does not stop there or with the thousands upon thousands of calls that are a part of the manufacture of countless items of defense.

Its Bell Telephone Laboratories are engaged in many important research and development projects for the government. These include the Nike Zeus anti-missile missile system and the guidance system for the Titan

intercontinental ballistic missile.

Western Electric, the Bell System's manufacturing and supply unit, is producing the guidance and control equipment which is the heart and brains of the mighty Nike Ajax and Nike Hercules missile systems.

The Sandia Corporation, a subsidiary of Western Electric, continues to manage the Atomic Energy Commission's Sandia Laboratory, which develops, designs and tests atomic weapons.

Among many other Western Electric defense projects were the 3000-mile Distant Early Warning (DEW) Line in the Arctic and the "White Alice" communication system linking population centers and military installations in Alaska. Both were completed on schedule and turned over to the Air Force.

Another project for the Air Force was the design, production and supervision of installation of a communications system for a guided missile test range extending out to sea.

The backbone of this system is the special underseas cable that stretches 1370 nautical miles from Cape Canaveral in Florida to Puerto Rico. It provides an instant, secret, weather-proof means of transmitting data on missiles in flight.

Radar installations along the way spot the missile's flight position which is flashed continuously to the testing base by cable. So are signals from the missile itself.

Recently the U. S. Air Force asked us to add the communications phases of a ballistic missile early warning system to the long list of military projects handled by the Bell System.

The Bell System is primarily engaged in providing telephone service. But it gives top priority and its utmost effort to the needs of Government whenever it is called upon for work for which it is specially fitted by size and experience.

Particularly when it comes to protecting the country, it's good to use the best scientific knowledge available in the communications field.

**BELL
TELEPHONE
SYSTEM**



Look, Listen, Remember

(CONTINUED FROM PAGE 47)

leave those spaces blank. Do not guess. Our objective is a physical description of value . . .

The leaflet's center spread is for the physical description. We reproduce it on page 47. Additional data—means of escape, car information—are filled in on the fourth page.

"Duty Cards" Procedure

Seattle - First National's prevent-

tion program goes into considerable detail. The brochure, usefully illustrated with photographs posed by staff people, sets forth a procedure to which the Seattle Police Department and the FBI gave assistance. It emphasizes that employee safety comes first, that the bandits' orders should be obeyed exactly, that the employees should observe carefully during the robbery, the alarm should be given as quickly as possible, and all details written down immediately.

Considerable stress is placed on the use of seven "Holdup Procedure Duty Cards" which outline the routine to follow after a robbery. Each office of the bank has a set of these instructions, and when an alarm is given staffers are directed to go to the cards, take the one on top and follow its instructions. The next person is to take the next card, and so on until all seven have been distributed and each duty is being performed.

The staffer who takes the first duty card calls the police. The second card gives instructions for notifying the FBI. The third instructs the staffer to summon the bank's auditor. Card 4 gives instructions for standing guard behind the cages. The fifth card sends a staffer to the lobby area where it's his job to see that no evidence is destroyed, that description report forms are distributed to all persons present, that witnesses are asked not to discuss the holdup until the report has been completely assembled.

The holder of card No. 6 guards the main entrance to the bank. No one is to be allowed entry except witnesses to the get-away and law enforcement officers. The last duty card assigns the employee to giving robbery description reports to all employees in the bank at the time of the robbery.

There are many suggestions for obtaining accurate details about the robber, a description aid chart that points up facial and posture characteristics, and a list of defensive security measures, each clearly explained.

A Bandit's-Eye View

In the pamphlet of the Virginia Bankers Association there's a general outline of protective procedures to be taken before, during and after an attack. Material is provided on alarm systems, defense against ambush of officers at their homes, defense against early morning ambush on the bank's premises, and against holdup during opening hours.

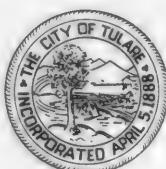
"Alertness," it says, "an attitude hard to describe and even more difficult to teach, is the goal of a good security program. Every banker should look at his bank 'from a bandit's point of view' and if this is done in an objective manner, most will admit that there are

**CAN YOU ADVISE
THIS MAN WITHOUT
KNOWING ABOUT
TULARE, CALIF.?**

Make a note of Tulare! This community in the center of the second largest agricultural producing county in the world wants new industries. The City of Tulare offers excellent transportation, served by two railroads, one airline, two bus lines and 38 trucking firms. In the heart of the San Joaquin Valley, just half way between Los Angeles and San Francisco on the Golden State Freeway. Plenty of the world's finest water and power, available sites, the City of Tulare is also an ideal spot in which to live. Recreation facilities are "tops." Look to Tulare before you give advice.



ECONOMIC DEVELOPMENT COMMITTEE
416 Kern Street
Tulare, California



plenty of measures, both positive and negative, that need immediate adoption."

The brochure was prepared by E. R. Sheffield, cashier of the Bank of Crewe.

The Stickup That Wasn't

At the Provident Institution for Savings on Boston's Temple Place, the bank had closed for the day and the 125 employees were gathered in the assembly room to hear Lieutenant William J. Owen of the Massachusetts State Police talk on holdup prevention technique. He had been explaining the best methods of action to confuse robbers when three masked, armed men—two with revolvers, the other with a machine gun—stormed in from the bank's cafeteria kitchen.

The police, you see, had arranged the little demonstration by three officers in mufti so that the staff could have an opportunity to describe the men, note what they did, and how they came and went. The whole program, including the talk, was developed by Comptroller George G. Cleveland. President John S. Howe explained that while the Provident's security measures were adequate, "we desired to acquaint our personnel with the most modern ways in which to protect the bank, as well as themselves, from any would-be holdup."

Things to Remember

In conclusion, here are four general observations on the subject of bank protection by George H. Hotendorf, A.B.A. deputy manager who is secretary of the Insurance and Protective Committee:

"(1) Planned protection means prevention.

"(2) Before deciding that the expense of additional equipment is not justified, banks should consider that the costs of installation may be spread over a 10-year period, like furniture, and from the tax angle they may be spending 48-cent dollars.

"(3) Bankers blanket bonds are experience-rated with credits ranging up to 40% for good experience over the preceding five years. A substantial holdup loss would reduce the experience credit and, along with other losses, could wipe out the

(CONTINUED ON PAGE 113)

THE NEW FIRST EDITION

**RAND McNALLY INTERNATIONAL
BANKERS DIRECTORY FOR**

1959

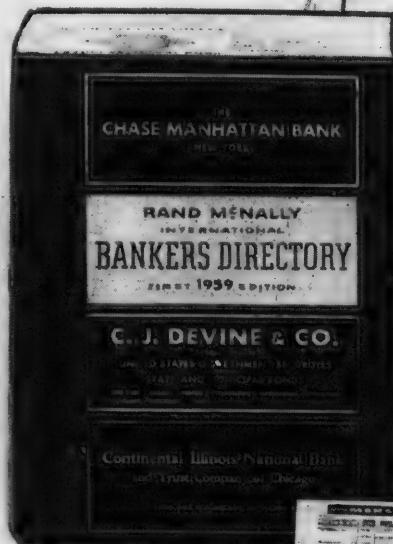
Set in easy to read type

Designed especially for faster reference work

Complete foreign as well as American listings

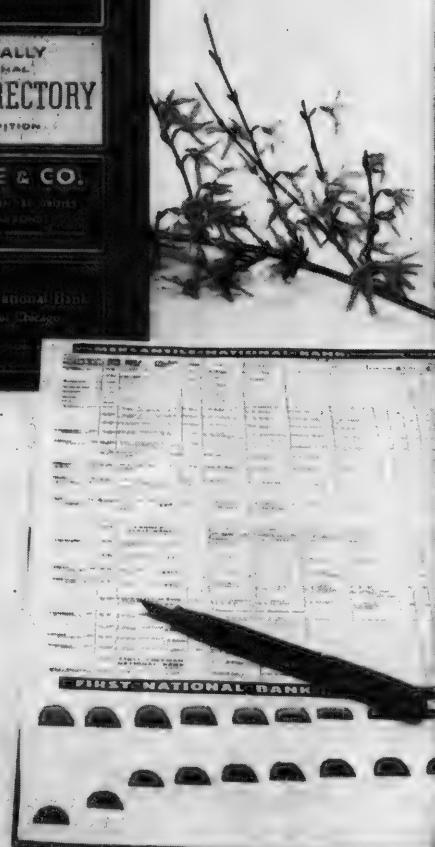
Accurately tabulated and designed for

easy comparison of statements



**RAND McNALLY
& COMPANY**

P. O. BOX 7600
CHICAGO 80, ILLINOIS





Cut check imprinting costs up to 50%. A. B. Dick offset check imprimers process 200 checks, 40 deposit slips and re-order forms for 5 customers in 3 minutes. Print with magnetic offset ink for infallible account number identification in electronic sorting and posting machines.

On all A. B. Dick offset check imprinters, amazing Aquamatic control insures precise ink-water balance. Perfect copy quality from start to finish . . . no time-consuming make-ready. Full automation for accurate check and book counts. Simple . . . may be operated by regular office personnel. Versatile . . . for printing forms, letterheads and bulletins between check runs. Call your A. B. Dick Company distributor, listed in the yellow pages, for information or a free demonstration. Or mail coupon at right.

A·B·DICK®

Achievement through Innovation

(CONTINUED FROM PAGE 111)

credit entirely. Loss of a 40% experience credit means a 66 2/3% increase in bankers blanket bond premiums when the next premiums become due.

"(4) You will find law enforcement officers—local, state, and Federal—ready to discuss problems of bank protection and anxious to cooperate. Get acquainted with your local chief of police or the captain and officer in charge of detectives at your local police precinct. And know the agent in charge of the nearest office of the F.B.I."

N.Y. Bank Plans New Check System

THE First National City Bank of New York and International Telephone and Telegraph Corporation announce plans for an automatic system to process checks, perform deposit accounting and related and analysis functions. It's scheduled to go into operation early in 1961 in

CODED CHECKS CODED CHECKS

Please send full information about the new A. B. Dick offset check imprinters.

A. B. DICK Company, Dept. B-59
5700 West Touhy Avenue
Chicago 48, Illinois

Name _____

Position _____

Company _____

Address _____

City _____

Zone _____ State _____

the bank's new uptown headquarters.

The system will permit rapid electronic and mechanical processing of all checks and documents, said the announcement. Information on the status of any account will be available in seconds. A feature will be a reusable jacket to transport items. Data on the contents will be coded on magnetic tape affixed to the jacket to permit rapid processing.

The installation was described as "a series of specific-purpose devices combining electronic and mechanical capabilities with associated electronic computers and magnetic tape recorders. Through integration of deposit accounting and incoming and outgoing phases of processing items, dual use of the majority of the equipment is made possible. In operation, the dollar amounts and de-

positor or bank identity are encoded on the strip of magnetic tape on the jacket. Items are then machine-inserted in the jacket and time proven against deposit slips or lists.

"As a result of human and electronic verification at this point, the bank is assured that all the fully automatic processes that follow are accomplished with accuracy, including sorting, routing, examination for 'stops' or 'holds,' posting to customer accounts, or listing according to bank of destination, etc.

"The system will use all the proven advantages inherent in electronic data processing while retaining required safeguards and controls and reducing the element of human error to a minimum. The bank will be able to enjoy the advantages of the system without substantially changing its own or customer practice."

Preparing for Automation

(CONTINUED FROM PAGE 48)

sonnel, and they have not yet become as familiar with the latest hardware as they are with the equipment formerly used. Regardless of the tests and inspections which the manufacturers perform at their plant—and these are quite complete—the strain of day-to-day production on a given machine will develop weaknesses and the need for adjustments not apparent before the equipment was delivered. Therefore take a long look at the service facilities available to you and inquire into the degree of training which service personnel have received before making your final decision.

Choose Proven Equipment

It may well pay you to select equipment which has proven its abilities in banking or elsewhere. If you feel that new equipment not previously proven will best serve your needs, you had better budget some additional funds for experimental costs. This is particularly true with the more sophisticated equipment presently being offered. This field testing implies additional expense. From a public relations standpoint, it may be advantageous to advertise that you are the first bank in an area utilizing improved equipment or the last word in hardware. From

a cost standpoint, however, it may not be nearly as advantageous, and you should anticipate additional expenditures for time and manpower to experiment with machinery in its initial stages.

The type of equipment will have an important bearing on the account numbering system selected. Semi-automatic equipment will work equally well with either type of number, but the alpha numeric system on these machines will probably permit most rapid access to account data and may eliminate the need for cross reference files.

Thanks, Mr. Mikoyan!

Commenting on BANKING'S market survey in Medina, Ohio. ("Prospecting for More Bank Business," January issue), Ray Edmond, correspondent of the *Akron Beacon Journal*, wrote in a special feature: "Even Soviet Deputy Premier Anastas Mikoyan, addressing the Economic Club of New York, commented on the survey. He said that all the Russian people want is the same home appliances and cars already possessed by the residents of Medina."

Group Life Insurance for Correspondents



New Benefits Under **MANUFACTURERS TRUST COMPANY** Plan Maximum Coverage Now **\$20,000** Per Person

Manufacturers Trust Company is pleased to announce that the maximum coverage under its Group Life Insurance Plan for Correspondents is increased from \$16,000 to \$20,000. Accidental death and dismemberment benefits equal to 50% of the amount of life insurance, at no additional premium, are continued.

More liberal benefits for retired employees, depending on earnings, are also provided. In addition, it is now possible for many banks to carry a larger amount of outside insurance, thereby supplementing the benefits under the plan.

Our 734 participating correspondent banks have a total of 11,857 officers and employees who are covered by approximately \$90,000,000 of life insurance. The number of participants and the amount of coverage has been steadily increasing year after year, since the Plan was started in 1947.

This service is one of the many reasons why more and more banks are turning to Manufacturers Trust Company as their New York correspondent.

To get the facts on our Group Life Insurance Plan, write or phone Mr. Joseph C. McNally.

**Five-year average cost:
ONLY 52¢ A MONTH PER \$1000**

This average low net cost reflects the application of dividends from the insurance carriers against the gross premiums paid by the participating banks, under the Manufacturers Trust Company Plan.

Head Office: 44 Wall Street, New York 15, N.Y.

HAnover 2-7200

Member Federal Deposit Insurance Corporation

Retirement Plans

(CONTINUED FROM PAGE 50)

a form of tax-exempt deferred income to the employee, there are few pension plans where the employer contributes as much as 10% of an employee's salary.

Furthermore, people whose income comes partly from employment and partly from self-employment would, if the employer had a pension plan, be unable to take advantage of the provisions of the Keogh bill regardless of the relative importance of his employment and self-employment incomes. If the definition of a self-employed individual is a tight one, such as is the case under H.R. 10, this type of discrimination is inescapable.

Some serious though unintended consequences for employer pension plans might also ensue if employees were permitted to enjoy the benefits of H.R. 10. Many employers establish pension plans primarily to provide for a few well paid employees. Internal Revenue regulations compel them to grant pensions to all or most of their employees and provide benefits that do not discriminate in favor of supervisory or highly paid employees. If the Keogh-Simpson idea were applied to employees, however, there would be nothing to stop an employer from terminating his pension plan and increasing the salaries of a few key employees who could use the increase to buy tax-deferred retirement annuities.

If H.R. 10 passes the Senate there will be a lot of work for insurance agents, lawyers, actuaries, and banks in providing vehicles through which the retirement needs of self-employed persons can be provided for and the tax advantages enjoyed. Insurance companies may have to devise some new contracts. Nonforfeiture and loan values can be included, with a tax penalty if they are used.

Canadian Doctors' Plan

One interesting development under the Canadian Act is the Canadian Medical Retirement Savings Plan, which uses the services of a bank, a trust company, and an insurance company to provide retirement benefits for participating doctors. Under the plan each participant sends his contributions to the

participating bank, which transfers them quarterly to the trust company and the insurance company in the proportions elected by the individual participant. Contributions to the trust are pooled and invested in common stocks. Contributions to the insurance company are accumulated under a deposit-administration group annuity contract which guarantees the rates at which annuities will be purchased at retirement. Amounts in the trust fund are used at retirement to buy an annuity for

the participant (since the Canadian law requires that the fund be used to provide a life annuity). The insurance company provides somewhat less favorable guarantees for money transferred from the trust fund at retirement than for money held under the deposit-administration contract. This provides maximum flexibility. One may decide each year what proportion of his contribution he wants in common stocks and what portion he wants in a fixed dollar type of investment.

there is
nothing
so valuable
as time...
and Commerce Trust service
saves you time every day of the year

Commerce Trust Company

Kansas City's Oldest and Largest Bank

Member Federal Deposit Insurance Corporation

This is addressed to the growing group of bank executives who are responsible for officer calls on customers and prospects.

How to make new business calls MORE EFFECTIVE

When a banker makes a new business call on a substantial company, he needs something *different* to talk about to distinguish his call from the many other bank calls that are being made on the same prospect.

This is particularly true if a bank finds its officers are reluctant to call a second and third time on the same company because *they have nothing new to talk about.*

A group of alert banks in important trade areas are now solving this problem through our INDUSTRIAL INFORMATION SERVICE. It gives their officers an exclusive calling card that helps open doors

of indifferent prospects. Besides producing a steady flow of leads for new business calls, the Service is a method of rendering business favors on a wholesale basis.

Through it, a major mid-western bank was able to help one company introduce a new building material so successfully that it sold out its entire production in a single sales territory within one state.

The Service has performed similar favors many times, with the sponsoring banks getting appreciation from prospects—and often the account.

If your call program stalls occasionally, perhaps the INDUSTRIAL INFORMATION SERVICE will start it rolling again. At least it will cut down on the frustration your officers experience from trying to sell banking services that are essentially the same as your competitors'.

The Service is easy to operate and low in cost. We'll be glad to send you full facts and let you know whether the franchise is available for your trading area. No obligation, of course. Please use the coupon to the right.

Merrill Anderson, *Director*
Industrial Information Service
142 East 39th Street, New York 16, N. Y.

Please tell me how your Service can make new business calls more effective.

We now have have not an officer call program.

NAME _____

TITLE _____

BANK _____

ADDRESS _____

Industrial Information Service

AFFILIATED WITH

THE
MERRILL ANDERSON COMPANY,
INC.

142 East 39th Street, New York 16

MURRAY HILL 5-3044

Advertising



Public Relations

Washington

(CONTINUED FROM PAGE 40)

whether or not the U. S. will permit the creation of foreign business corporations here whose income would not be taxed by the U. S. Government until remitted as dividends to U. S. investors.

The Development Loan Fund which makes long-term loans to underdeveloped countries was granted an emergency appropriation of \$100,000,000 for the balance of the current fiscal year by the House on

March 24. This was \$125,000,000 less than the Administration asked. The Administration will most likely seek the full \$225,000,000 from the Senate and look to a compromise in the Senate-House conference on the bill.

Something of the thinking of Representative Wright Patman of Texas about his Resolution 50 to investigate money and credit along with the banking system was revealed in the course of an exchange with Walter Reuther of the United Automobile Workers Union during the hearings on the Area Redevelopment Bill.

Mr. Patman reviewed some of his criticisms of money and interest rates. In response Mr. Reuther expressed the hope that "some time not too far in the future the appropriate committee of the Congress would undertake a comprehensive study of the role of the whole banking system so that it can be looked at in the light of the sort of things you have been pointing out here."

Declaring that it has been "50 years since a comprehensive examination of the banking system has been made," Mr. Patman said:

"I am not pressing it just at this time because the Joint Committee is going into the question and it is possible that we might decide that the Joint Committee would be the place to make our investigation."

On the eve of the dispatch of this article Mr. Patman told *BANKING* that the matter was pending before the Joint Committee but was not yet resolved.

The Joint Economic Committee, by the way, does have subpoena powers, an exceptionally able staff, and \$200,000 for "the broad study of policies for balanced economic growth." Under the chairmanship of Senator Paul Douglas of Illinois, a former professor of economics, the committee seems to be settling down to a long-range inquiry which might be a milestone in economics.



HOW DOES YOUR BANK COLLECT PAST DUE ACCOUNTS?

There is a time when it pays to be firm—and a time when it pays to yield. Since the Stone Age, the difficult thing in collecting accounts due, has been to determine when to do which for most profit.

The surest and easiest solution is to assign the job to someone who has made this difficult decision his life's work . . . one of the local members of the American Collectors Assn., for example. These men are professional collectors—experts in the kind of tactful persuasion that brings in your money and protects your public image. They guarantee that their service shall cost you nothing unless bills are actually collected.

Talk to one of your local ACA members today. Look for his phone number in the yellow pages—or write to ACA for more information.



American Collectors Association, Inc.

5011 Ewing Ave. S. • Minneapolis 10, Minn.

A Continentwide Association of Bonded Collection Agencies

S & L Examiner Pay

Savings and loan association examiners for the Federal Home Loan Bank Board are not being paid enough money in the opinion of Representative Albert Thomas of Texas. During the hearings on the Independent Offices Appropriation Bill, Mr. Thomas told Board representatives:

"You are not paying them enough money, and you are not going to get them until you pay them enough money. These are your eyes and ears, and you had better get some good men."

Verne C. Bonesteel, director of the Division of Examinations, and Thaddeus Corcoran, budget officer, replied that the Board's answer to the problem is to upgrade the examiners. He said:

"We have 167 Grade 11 examiners in 1960, compared with 86 last year; in Grade 12 we have 99, compared with 39 last year; and in Grade 13 we have 33, compared with 16 last year."



STATEMENT OF CONDITION

Condensed Statement of Condition as of March 12, 1959

RESOURCES:

Cash and Due from Banks	\$218,256,336.39
U. S. Government Bonds	\$210,445,489.75
Municipal Bonds and Warrants	16,800,229.46
Federal Reserve Bank Stock	1,650,000.00
Other Investments	<u>3,987,870.15</u>
Loans and Discounts	232,883,589.36
Bank Premises	237,900,128.85
Furniture and Fixtures	1.00
Other Real Estate	<u>25.00</u>
	17,642,526.00
Interest on Securities and Other	
Income Earned—Not Collected	2,516,472.24
Customers' Liability on Letters of Credit	1,953,968.62
TOTAL RESOURCES	<u>\$711,153,021.46</u>

LIABILITIES:

Capital Stock	\$ 27,500,000.00
Surplus	27,500,000.00
Undivided Profits	<u>4,393,862.41</u>
	\$ 59,393,862.41
TOTAL CAPITAL ACCOUNT	<u>\$ 59,393,862.41</u>
Reserve Accounts	4,489,993.88
Liability on Letters of Credit	1,953,968.62
DEPOSITS:	
Individual	\$485,416,833.69
Banks	154,835,008.01
Government	<u>5,063,354.85</u>
	645,315,196.55
TOTAL LIABILITIES	<u>\$711,153,021.46</u>



**FIRST CITY
NATIONAL BANK
OF HOUSTON**

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

New Books

ARE YOU INTERESTED IN JAPAN?

Then, you'll be interested in what
The Bank of Tokyo can do for you.



★ NEW YORK AGENCY ★
100 Broadway, New York 5, N.Y., U.S.A.

★ OVERSEAS OFFICES ★

New York, Rio de Janeiro, São Paulo
Buenos Aires, London, Hamburg, Alexandria
Calcutta, Bombay, Karachi, Vientiane
Singapore, Hong Kong and 15 Representa-
tive Offices in Other Countries

★ DOMESTIC OFFICES ★

Tokyo, Yokohama, Nagoya, Osaka, Kobe
and Other Main Cities in Japan

★ AFFILIATE ★

THE BANK OF TOKYO OF CALIFORNIA
San Francisco, Los Angeles, Gardena

★ SUBSIDIARY ★

THE BANK OF TOKYO, TRUST COMPANY
New York

Just call on us at

THE
BANK OF TOKYO,
LTD.

HEAD OFFICE: TOKYO, JAPAN

FEDERAL BUDGET AND FISCAL POLICY: 1789-1958. By *Lewis H. Kimball*. Brookings Institution, Washington, D. C. 337 pp. \$5. The study analyzes conflicting opinions on the subject. It reviews arguments for the annually balanced budget and for the newer notion that Federal revenues and expenditures would promote full employment, etc. "The modern conception," says the author, "is that the only sound fiscal policy is a flexible one."

PRACTICAL COST ACCOUNTING FOR BANKS. By *Marshall C. Corns*. Bankers Publishing Company, Boston. 210 pp. \$18.75. A practical book complete with detailed instructions for determining the profitability of the banking operation. A manual of instructions is supplemented by a set of work papers and exhibits on which the banker can compute income, expense and activity figures, and costs. Mr. Corns is a management consultant and advisor to banks.

INCOME TAX DIFFERENTIALS. A Symposium. Tax Institute, Incorporated, Princeton, N. J. 258 pp., \$6. This is the record of a symposium conducted by the Institute in 1957. The authors are some 17 well informed participants. The subject is the differentials existing in income tax both in rates and in deductions. The discussion is divided into five parts, which range from a general consideration of the subject through differentials in compensation, the effect of differentials on investment and double taxation of dividends to consideration of methods of tax reduction. This is good reading for one interested in income taxation, but it is not a working tool for the practitioner.

TAX AVOIDANCE VS. TAX EVASION. By *Sydney A. Gutkin* and *David Beck*. The Ronald Press Company, New York. 220 pp., \$10. The authors here examine avoidance as compared to evasion of income tax from historical, practical, and ethical points of view. They discuss the techniques and devices found in a large number of avoidance and evasion cases and classify those cases

POINT WITH PRIDE DEPT.



The growth of the
Valley Bank reflects what's
been going on in ARIZONA:

YEAR END	NAT'L RANK
1950	77th
1952	70th
1954	68th
1956	58th
1958	51st

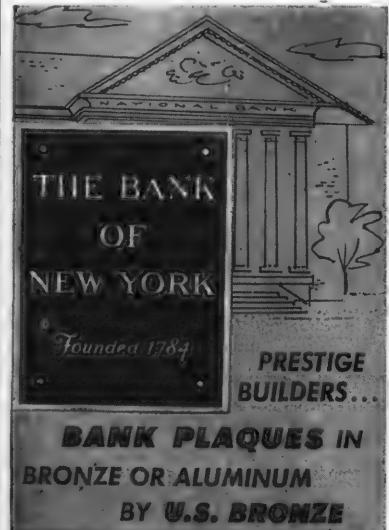
(I know it sounds like brag-
ing but gee-whiz, fellows, 26
places in the past eight years!)

Carl A. Binion,
President



"Arizona's
Bank"
Resources Over
\$1/2 Billion

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Signs of distinction, in excellent
taste—from desk name plates to
building facade letters. The
impressive creations of U.S. Bronze
serve the country's leading banks.
Yet the cost is modest. Write today
for catalog and full information.



Free
design
service.

Dept. B, 1001 W. 31st St., New York 1, N.Y.

BANKING

as an aid to the researcher. The final chapter sets forth steps to be taken in attempting to avoid taxation legitimately and offers an outline for the handling of an evasion case when such arises. The book is indexed and contains a table of cases, an index to statutes, releases and rulings, and a bibliography.

REPAIRS VS. CAPITAL EXPENDITURES. By *James C. Wiggins* and *George Byron Gordon*. The Ronald Press Company, New York. 144 pp., \$10. This is an investigation of the problem of distinguishing, for income tax purposes, between fully deductible expense of repair and depreciable additional capital investment. It tabulates and classifies decisions on the subject, discusses areas of conflict resulting from the absence of clear demarcation between repairs and capital expenditures, and offers suggestions concerning procedures to be followed in establishing a basis for a repair expense deduction. There is a bibliography, a table of cases and rulings, and an index.

THE BANK THAT BANKS BUILT. By *Adolf A. Berle, Jr.* Harper, New York. 109 pp. \$2.75. The story of the Savings Banks Trust Company, 1933-1958, formed soon after the banking crisis to augment the liquidity of the "mutuals" system in New York State. The company now offers its members banking and trust services, information on securities, representation in bond reorganizations and in placement of issues, as well as other services. Mr. Berle was active in the organization of this central banking organization for savings banks, and was its first counsel.

HOW TO READ THE FINANCIAL NEWS. By *C. Norman Stabler*, Harper, New York. 210 pp. \$2.95. The ninth edition (revised and enlarged) of a book by a financial columnist of the *New York Herald Tribune*.

WHAT WOMEN WANT TO KNOW ABOUT WILLS. By *Earl S. MacNeill*. Harper, New York. 179 pp. \$3.50. Mr. MacNeill, until recently head of the personal trust department of the Irving Trust Company, New York, answers in detail the 20 questions asked most often by women in his lecture audiences. Case histories are used for illustration.

(CONTINUED ON PAGE 148)



Habib Bank Limited

ESTABLISHED 1941

Head Office:—KARACHI (PAKISTAN).

Authorized Capital	Pak Rs. 40,000,000/-
Issued & Subscribed Capital	Pak Rs. 20,000,000/-
Paid-up Capital	Pak Rs. 20,000,000/-
Reserve Funds	Pak Rs. 20,000,000/-
Deposits as on 31-12-1958	Pak Rs. 704,800,000/-

With a network of 87 branches in all the important trade centres of East and West Pakistan, Habib Bank Limited is in a position to assist those desiring to establish contacts for exports or imports. The Bank's services are always available for any banking requirements in Pakistan.

The Bank is fully competent to handle all foreign exchange business including opening and advising of commercial letters of credit, collection of documentary bills, remittances, etc.

FOREIGN BRANCH BOMBAY (INDIA).

Habib Bank (Overseas) Limited,
Head Office:—KARACHI (PAKISTAN)

Branches:—1. Aden 2. Colombo 3. Mombasa & 4. Rangoon.
Correspondents and agents in all important cities of the world.

CRYSTO-MAT TRANSPARENT PLASTIC FLOOR MAT



Designed **ESPECIALLY FOR BANKS** Using Wall to Wall Carpeting.

Carpet color design and carving completely visible through mat. Made from crystal-clear $\frac{1}{8}$ -inch transparent aircraft plastic. Special hard scratch resistant surface. Impervious to alcohol and other discoloring agents. Write for literature and special discount schedule for banks. Sample chip will be supplied on request.

CRYSTO-MAT CO. Dept. B-5 215 North St., Auburn, N. Y.

*What Do Your Rates
Really Earn?*

The American Book of SIMPLE INTEREST YIELDS

Price \$25 per copy, postage prepaid.

AMERICAN CHARTS COMPANY

Box 12213 — Atlanta 5, Georgia

3

new ways to use photocopies as account-builders in your bank

Systematic use of Photostat® Photographic Copying Apparatus can help you build *more* and *better* accounts in these three fields:



2. DIRECT DIVIDEND DEPOSITS.

Your customer authorizes mailing of all dividend checks to your bank rather than to his home. You make two photocopies of each check—one to credit the account, the other to advise the customer. Your customer gets protection against loss . . . days, weeks, or months of added credit . . . and (we suspect) a much warmer feeling about your bank and its services.

1. CORPORATE LOCK BOX DEPOSITS. Your depositor arranges to have checks mailed to a special post office box to which you have access. You send photocopies (75 to 60% size) of remittances with deposit tapes to the depositor. He saves 3 to 5 days' depositing time, eliminating floating, idle capital. By getting rid of a number of typing and checking operations, *you can save 3/4 of the manhours ordinarily spent in handling large accounts.*



3. CUSTODIAN AND TRUST ACCOUNTS. The help and convenience you can offer with photocopies impress customers. Such services, month after month, build appreciation of your bank, lead to dependence on you for financial service and counsel. Custodian and Trust accounts follow logically.

In short, Photostat Photographic Copying Apparatus can cut your account-handling costs, give your customers more working capital, help you build better accounts. If you will write, we believe we can prove it.

PHOTOSTAT CORPORATION
P. O. Box 1970 BA • Rochester 3, New York

PHOTOSTAT IS THE TRADE MARK OF PHOTOSTAT CORPORATION

PHOTOSTAT
PHOTOCOPYING
OFFSET
AND
MICROFILM
EQUIPMENT

Check Handling

(CONTINUED FROM PAGE 53)

Some banks may wish to print other than coded material in the band at the bottom. For example: a decorative border. While this may be done, there are two points to consider when planning it.

The first point is that no magnetic ink may be used in this panel except for printing the code. Other matter may appear there provided it is *not* printed with magnetic ink. Some banks may find it an advantage to print the entire check in magnetic ink; that would automatically rule out their printing anything but the code in this space. Others may prefer to print their checks with regular ink and add the coded characters later in magnetic ink. These banks could include something in the code area.

The second point concerns legibility. The code is designed so it can be read visually as well as electronically. If anything else is printed in the code field—in regular ink—it must not interfere with the visual reading of the code.

Punched Card Checks

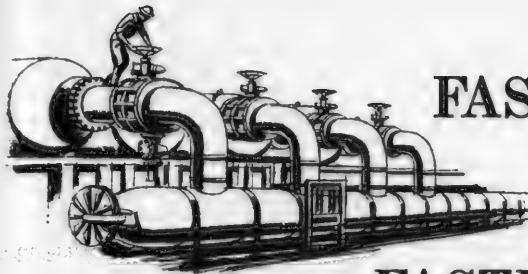
Punched card checks present a special problem in addition to those of ordinary checks. Preprinted code numbers (like the routing symbol and transit number) can be put along the bottom of the check under the "9" position. Postprinted data (such as the amount of the check) can't be conveniently and accurately inserted that close to the bottom, but must come in the same relative position as on regular checks.

That means the card checks can't have any holes punched in them where the postprinted data will be coded—at least, not until they've cleared through the system. This "unpunched" area covers both the "8" and "9" positions in the 30 right-hand columns on both 66-column and 80-column card checks.

After setting up the field for the code, the next step is to insert the code. It consists of 14 characters in a special typeface known as E-13B. These include the digits from 0 through 9 plus four symbols which set off three main groups of numbers.

At the extreme right of the code band is a 10-digit space where the amount of the check is to be in-

(CONTINUED ON PAGE 124)



FASTEST-GROWING FUEL in America's FASTEST-GROWING REGION

***El Paso Natural Gas Company reports record deliveries
of Natural Gas to customers in the West***

Natural gas is America's fastest-growing energy source, and El Paso Natural Gas Company and its subsidiaries serve natural gas's fastest-growing market.

Deliveries of gas were at record highs in 1958 as El Paso and subsidiaries continued to expand their pipeline systems and increase their gas reserves to meet the long-term energy demands of the West.

For the second consecutive year, gas deliveries totalled more than a trillion cubic feet.

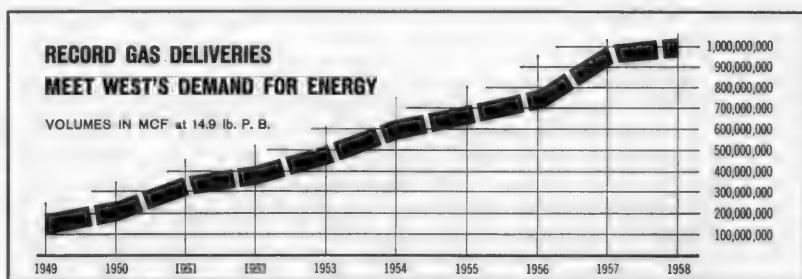
Extensive exploration and purchase programs brought total gas reserves at year's end to an all-time high of 38.8 trillion cubic feet—assuring vitally needed energy supplies for western consumers and industries in the years ahead.

El Paso's 1958 annual report, distributed to its 51,835 stockholders (an increase of 10 per cent in 1958) reports consolidated gross revenues for 1958 of \$368,299,522, compared with 1957's \$301,090,537. Net income was \$35,308,813 in 1958, compared with \$34,506,238 in 1957.

The report gives details of 1958's accomplishments, as well as plans to meet the future needs of western consumers—for natural gas, for petroleum, for petro-chemicals.

El Paso Natural Gas Company and its subsidiary, Pacific Northwest Pipeline Corporation, serve customers in California, West Texas, Arizona, Idaho, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming and Colorado.

For copies of El Paso's 1958 Annual Report to Stockholders, write to El Paso Natural Gas Company, El Paso, Texas.



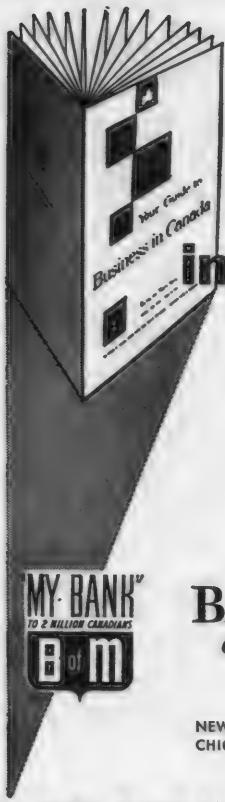
EL PASO NATURAL GAS COMPANY



Common Stock listed on the New York Stock Exchange, Midwest Stock Exchange and Pacific Coast Stock Exchange.

Registrars: New York, City Bank Farmers Trust Company; Chicago, The First National Bank of Chicago.

Transfer Agents: New York, The Chase Manhattan Bank; Chicago, Continental Illinois National Bank and Trust Company of Chicago.



Do your *Clients*
have questions about
TAXATION...
in CANADA?

"Your Guide To Business in Canada," published by Canada's First Bank, includes a survey in laymen's language of the major Canadian taxes affecting your clients' business or personal interests in Canada. These include Federal and Provincial taxes, and special subsidiaries, investment companies and oil, natural gas and minerals. Your Canadian-minded clients will find it "must" reading.

To obtain your copy, write on your letterhead to our nearest U.S. office, or to the Business Development Department, Head Office.

BANK OF MONTREAL
Canada's First Bank Coast-to-Coast

BRANCHES IN ALL TEN PROVINCES

District Headquarters:

Halifax, Toronto, Winnipeg, Calgary, Vancouver
NEW YORK: 64 Wall St. • SAN FRANCISCO: 333 California St.
CHICAGO: Special Representative's Office, 141 West Jackson Blvd.

Head Office: Montreal

750 BRANCHES IN CANADA, U.S., GREAT BRITAIN AND EUROPE • RESOURCES EXCEED \$3,000,000,000

**Now! A NEW LINE OF
ABBOTT COIN COUNTERS**

49N and 75N with exclusive



- Dual electronic controls to eliminate operator fatigue.
- Electronic foot control.
- Patented friction disc to maintain high-speed under overload conditions.
- Compact streamlined styling that saves 20% counter space.
- Improved coin bag holder and many other features.

These famous Abbott Coin Counters, leaders of the field for many years, have been completely re-engineered, setting new standards for speed, accuracy and ease of operation.



ABBOTT 75N. This extra heavy duty counter for continuous high speed operation is rugged and compact. Guaranteed at more than 3000 coins per minute. See these new Abbott Coin Counters. Arrange for a trial today.

ABBOTT COIN COUNTER CO., INC. 144th Street and Wales Avenue
New York 54, N. Y. LU 5-1200

(CONTINUED FROM PAGE 122)

serted. At the extreme left is space for the coding of the routing symbol and transit number. Incidentally, this coding will *not* replace the routing symbol and transit number which will still appear in the usual fractional form in the upper right-hand portion of the check. In the middle area of the code band is space for 19 characters where banks may insert account numbers, transaction codes, and similar data they may wish for their own use.

Preprint v. Postprint

The routing symbol and transit number can be included on the check when it is originally printed providing, of course, that the original printing is with magnetic ink. The amount of the check ordinarily must be postprinted; this should be done by the bank receiving the check for collection. From then on, the check can be speeded electronically through the clearing centers and back to the payor bank. The center area of the band, the "On Us Field," is reserved for the payor bank.

This summary hits the highlights of the job now confronting banks. The report itself presents the details of the task and answers many of the specific problems banks will face. Realizing that not all problems can be foreseen, the Bank Management Commission plans to continue the Technical Committee on Mechanization of Check Handling for the "purpose of coordinating the activities of the banking industry, manufacturers, and printers."

"Should we or should we not?" is the question many bankers will ask themselves as they read this report. The decision to participate in the program or to hold off is one that each bank must make for itself. But the report says:

"Banks are not expected to move into this magnetic ink program without full consideration of all factors involved. They should, however, consider not only the benefits they themselves will obtain, but also the benefits provided the whole check collection system. The industry, to some extent, is unique in that close cooperation between individual competitive units is essential to its proper functioning. Banks have an opportunity now to demonstrate this cooperation in the endeavor to mechanize the check collection system."

Now "brighter" than ever!—even more dramatically

THE THINKING MACHINE OF AMERICAN BUSINESS

Friden

Presents

**the latest
advance
in fully
automatic
Calculators**



New Friden Model SBT
has touch-one-key simplicity
you'll be amazed to see!

Watch this new model Friden
save manual and decision steps in any figure-work
problem. For example, note time saved by:

**AUTOMATIC
CHAIN
MULTIPLICATION**

Flick of a key automatically transfers products from dials to keyboard for further calculation, eliminating many of the intermediate steps in multiple-factor multiplication.

**AUTOMATIC ACCUMULATION
OF INDIVIDUAL EXTENSIONS**

Touch of a key automatically transfers individual extensions to storage dials, adds or subtracts as required, and produces a grand total.

**AUTOMATIC ROUNDING OFF
OF FRACTIONAL CENTS**

Operator merely sets a dial—in any of six positions—and machine automatically rounds off fractional cents to the nearest full cent.

**EXCLUSIVE
FULLY AUTOMATIC
MULTIPLICATION**

Touch one key after setting both factors, proved answer appears in dials. It's clearly shown in so many ways—the Friden performs more steps in figure-work *without operator decisions* than any other calculating machine ever developed.

Friden has the system

"Brighter" calculators
are one of the ways...

Cost-saving office automation begins with the fully automatic Friden Calculator! Call your nearby Friden Man or write Friden, Inc., San Leandro, California... sales, instruction, service throughout U.S. and world.



FRIDEN SILVER ANNIVERSARY • 1934 - 1959

May 1959

© Friden, Inc.

125

Market Research

(CONTINUED FROM PAGE 56)

(4) Data that will be helpful to customers requesting assistance with their business and financial problems;

(5) Better use of regional, national, and institutional data in bank operations; and

(6) Material helpful in soliciting new accounts.

"Fine, for those who can afford it," said one small banker before he learned of the down-to-earth approach that's being taken. He didn't realize that the plan calls for no additional personnel, no elaborate operations, and no excessive costs. In short, it must be within the reach of *every* bank.

Facts at Your Fingertips

This will be possible because much of the market data is already available to the bank. This would be such things as the number of accounts by type and size; dollar amount of deposits by type and size of accounts; seasonal changes in total deposits; number of loans by

type and size; and data on earnings and expenses.

Some information may not be immediately on tap, but can be easily developed. This might include age, sex, occupation, and other characteristics of customers; the extent customers use and know about the bank's services; and the attitudes of customers toward bank personnel, services, and facilities.

Outside Data Included

And sources of external information will be explored to see what possibilities they hold. This would cover such things as data on competing institutions; general population characteristics of the trading area; and economic indicators related to wholesaling, retailing, industrial or agricultural activity, the labor force, and price levels.

Obviously not all the information that can be collected will be necessary. And some of the important and helpful information may be difficult to obtain. The first task, therefore, is to see what can be developed and to evaluate its usefulness for market research purposes.

That's what is under way right

now. But it is a time-consuming job because it involves taking an inventory of all the possible sources of information generally available to banks. Some of the obvious items to be considered have already been mentioned. Other items are automobile registrations; building permits; gas and electric service connections and consumption; and virtually everything else that has a bearing on people and their actions.

Will Test Usefulness

When the inventory is completed, then each item must be checked over a period of time to see how it relates to the bank. Does it change with the number of accounts, the number or volume of loans, the operating costs? If so, does it move along with them, or does it precede them, or does it lag behind them?

This screening of the indicators will eliminate those that add little or nothing and those that may be helpful but are too difficult or costly to collect. Remaining will be the facts and figures banks can collect and use profitably.

Then will come the job of design-
(CONTINUED ON PAGE 128)



EXCLUSIVE

The Bank of California is in the unique position of being able to offer its corporate customers and correspondent banks the services of seventeen complete banking offices in all three Pacific Coast states. For on-the-spot credit information, fast collection of items, concentration of funds and other banking services in California, Oregon and Washington, we suggest you take advantage of this exclusive tri-state operation.

THE BANK OF CALIFORNIA

NATIONAL ASSOCIATION

SAN FRANCISCO and other California cities... PORTLAND, Oregon... SEATTLE and TACOMA, Washington

HEAD OFFICE: 400 CALIFORNIA STREET, SAN FRANCISCO 20

MEMBER
FEDERAL
DEPOSIT
INSURANCE
CORPORATION





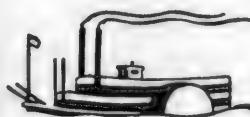
River junction 15 miles above St. Louis. Navigable Chain of Rocks Canal (center left) cuts off treacherous river bend.

WHERE THE RIVERS MEET...

Laden with mud from the Great Plains, the Missouri pours into the Mississippi above St. Louis, a modern city whose colorful history is bound up with that of the rivers.

The original Boatmen's was built on the levee to serve the riverboat trade.

It grew and changed with the times. New services were added to meet new needs, including those of other banks. Today, Boatmen's provides complete banking facilities and helpful, personal service to correspondent banks throughout the great Mississippi Valley.



The **Boatmen's**
NATIONAL BANK
OF SAINT LOUIS

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION
Oldest Bank West of the Mississippi

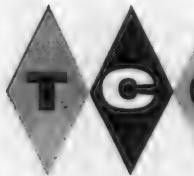
(CONTINUED FROM PAGE 126)



Perhaps
you do with-
out realizing it.

If your business
has not increased with
the times...if your oper-
ating expenses are up...if
there are bottlenecks at peak
hours—then you are already pay-
ing for the new quarters you need.

Our representative will gladly show you
how your project can benefit from the
specialized skill of America's fastest-growing
financial design group.



Design for Financial Institutions

THE CUNNEEN COMPANY
1622 CHESTNUT ST., PHILADELPHIA 3, PA.

PHILADELPHIA • NEW YORK • CHICAGO • LOS ANGELES

ing the best methods or programs for collecting, maintaining, interpreting, and applying these data. There must be no question of whether the costs *should* remain low, whether the bank *ought* to be able to accomplish it without additional personnel, or whether it is *probable* that a bank can handle the program routinely.

Must Be Practical

To make sure that it stays on a realistic level, six banks are participating in the development of this market research program. The program's efficiency, economy, and productivity will be decided in terms of their actual experiences.

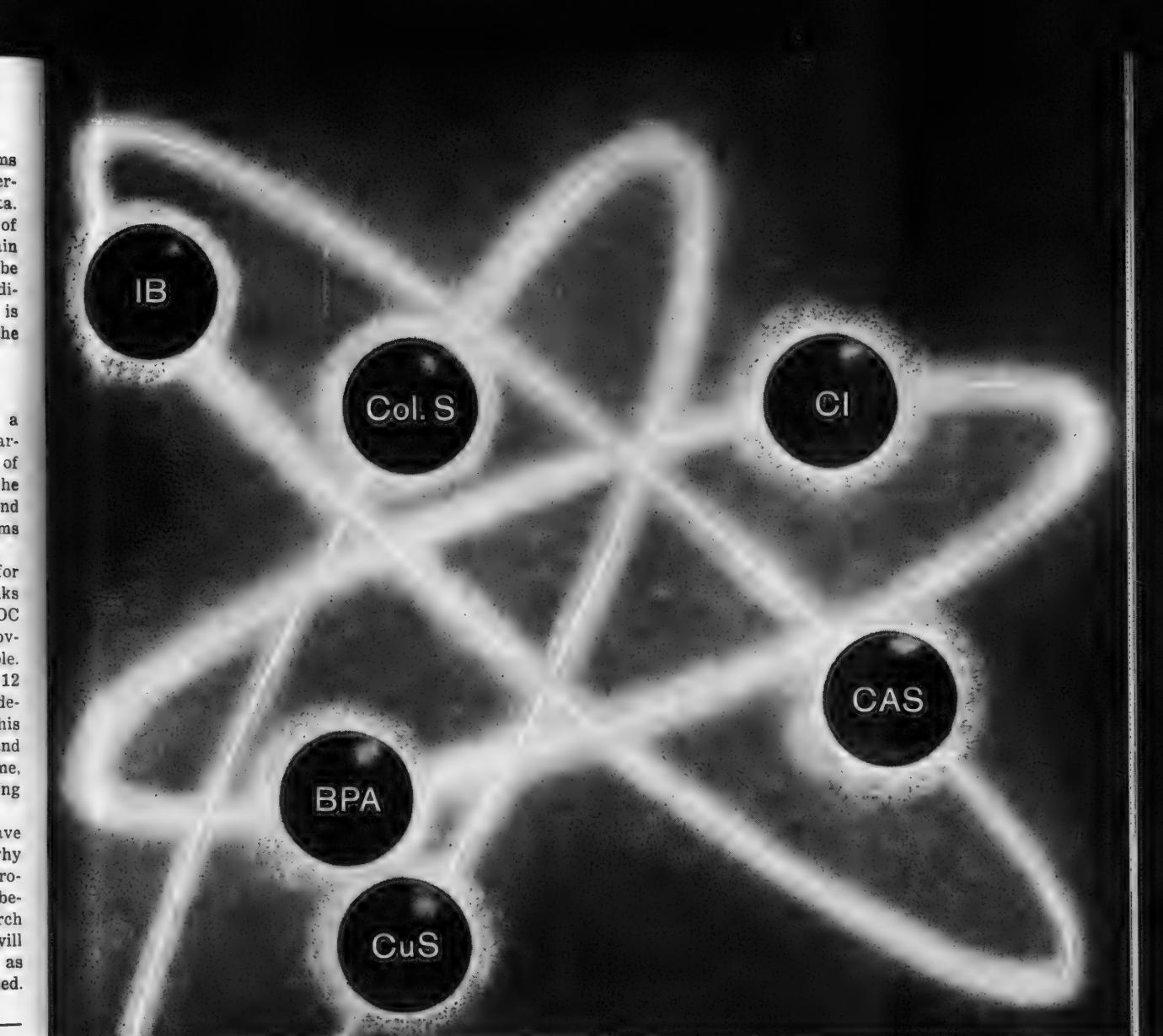
There is such a pressing need for a market research program all banks can adopt and use, that the CBOC and the Research Council are moving ahead as rapidly as possible. While a tentative schedule of 12 months has been set for the development of a pilot program, this will be reduced whenever and wherever possible. At the same time, there is no intention of sacrificing quality for the sake of speed.

Like any innovation, it will have to be adequately tested. That's why it is planned to put the pilot program through some trial runs before any concrete market research program is offered. **BANKING** will describe the steps being covered as future progress reports are issued.



"Here's the place. I'll show you how!"

BANKING



Symbol for complete correspondent banking services

Col. S
Collection Service

BPA
Bond Portfolio Analysis

CI
Credit Information

IB
International Banking

CuS
Custodian Service

CAS
Corporate Agency Service

This is a symbol for some of the elements which compose a well-balanced correspondent banking service. How these elements are applied to your requirements is a matter of technique. Here is where Bankers Trust can bring to your transactions the special knowledge and experience that produce successful, profitable results for you.

If a New York bank with world-wide connections can further your interests, why not do as hundreds of banks do: let us apply our expert facilities to your individual needs.

Ask for complete information. Better still, let us demonstrate in practical terms how a bank's best friend can be another bank.

BANKERS TRUST COMPANY

16 Wall Street, New York 15, N.Y.
Member Federal Deposit Insurance Corporation



Alpha-digits

(CONTINUED FROM PAGE 49)

problem. For an account named "George Busby," the first letter of "George," the "blank" key, and the last letter of "Busby" are indexed.

Q. How are accounts requiring two signatures handled?

A. The main account name is used. On man-and-wife joint accounts, the initials of the man are used.

Q. How are business accounts indexed?

A. We use the main words in the account title. The article "the" is

not considered, and we also leave out prepositions and any other unimportant words.

For the word "incorporated" and its abbreviation, we index "D." For "company" and its abbreviation, we index "Y." For "corporation" and its abbreviation, we index "N."

On accounts having numbers as part of the account title, the operator indexes the numbers only. If the account title has a 2-digit number—such as "Building Fund 28"—the "blank" key is used to round out to three digits.

Q. Do you have any duplication of 3-letter codes?

A. Yes, a few. These are gen-

erally noted on the first run and the operator can exercise vigilance after that.

Q. Have your operators had any trouble learning and using these indexing rules?

A. None at all. The rules are obviously simple and can be learned in a few minutes. Our training policy calls for a new operator to watch an experienced operator for two days before starting on "live" posting. After that, an average operator will achieve proficiency in a couple of days or so.

Q. Does alpha-digit indexing interfere with signature verification?

A. No. In fact, I would say that signature verification is immeasurably improved when alpha-digits are used.

Q. What volume of work does an operator have to handle?

A. Over-all, Brookline has about a 55% average daily account activity. We will have from 16,000 to 26,000 total items—checks and deposits—per day. With 10 machines this divides out to about 1,600 to 2,600 per machine. Each machine will have some 800 to 1,300 balance pick-ups per day.

Q. How much time does it take to complete the posting?

A. Generally, four to five and a half hours a day. We start machine work at 5 o'clock in the afternoon and the posting is completed by 9 or 10 o'clock.

Q. How much preparation is needed if a bank intends to use alpha-digit proof?

A. The only preliminary work we did was type a set of 3 x 5 cards, double-check with the signature cards, and then correct the Addressograph plates. Since alpha-digit indexing must correspond to the encoding on the statement-ledger sheet, the accuracy of the encoded letters is important.

A second good reason for an accurate set of 3 x 5 cards is that the cards can be used in the future when, and if, a numeric system is installed.

When these steps have been taken, a bank is ready to go. That's what we did.

The way to a person's pocketbook is through his hobby.

An optimist is a person who drops a quarter in the collection plate and expects a five dollar sermon.



With our central location, fine hotels and excellent municipal facilities, we Kansas Citians played host to 225 national and regional conventions last year. And we like to feel that our 124,486 visitor-delegates thoroughly enjoyed their stay in our city. Conversely, we always enjoy our own convention trips, and the opportunity to mix good business with good fellowship.

Soon, many of us Kansas Citians at City National will abandon our desks to attend the spring banking conventions, and we hope to find you there. One reason our own representatives really look forward to these conventions is the chance they provide to re-new many old acquaintances with attending delegates from our more than 1,000 correspondent banks throughout the world.

Your Kansas City Account Is Cordially Invited

CITY NATIONAL BANK
and Trust Company of Kansas City, Missouri



10TH & GRAND • KANSAS CITY 41, MISSOURI

Established 1913 Member Federal Deposit Insurance Corporation • Resources Over 235 Million Dollars

**Take Another Look
at
Arizona Banking**

**ANOTHER NEW
ALL-TIME HIGH**

Now

**98th* Largest Bank
in the Country**

*Deposits Dec. 31, 1958,
\$293,889,593



Home Office
Phoenix, Arizona

**FIRST
NATIONAL
BANK OF ARIZONA**

54 Offices in 40 Communities

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



EST 1873

**THE
DAI-ICHI BANK.
LTD.**

Head Office: TOKYO JAPAN
New York Agency: NEW YORK
Overseas Representative Office:
CHICAGO, LONDON

May 1959

News for Country Bankers
(CONTINUED FROM PAGE 80)

effectively illustrated manual on "Putting PROFITS Into Colorado Farming and Ranching."

Using on-the-farm pictures, charts, pen and crayon drawings, bold face type, pleasing color spots, and a minimum of text material, the booklet tells how farming can be made more productive through proper fertilization—and in Colorado by the effective use of fertilizer with irrigation.

The booklet was prepared and published for the CBA by the National Plant Food Institute and is designed to show how and why the wise use of commercial fertilizer in conjunction with other practices recommended by the Colorado State University can increase farm profits.

22-Minute Grass Film

A NEW 22-minute, 16-mm, sound-color motion picture prepared by the National Plant Food Institute* in cooperation with the American Grassland Council is *Cash in on Grass*.

This and other films on agricultural subjects are available through the Institute, without charge.

1700 K Street, N.W.
Washington 6, D.C.

**Tree Farming Boosted as
Added Income Producer**

LANDOWNERS were urged recently to consider tree farming as a promising means to supplemental income.

G. A. Pesez, chairman of the New York Tree Farm Committee and forester for the International Paper Co., in Glens Falls, asserted that "tree farming is a practical business venture. Under normal conditions and with good management, any forest property on reasonably good land will grow trees at a profit."

The future outlook for tree farm crops is bright, Mr. Pesez said. "Our population is exploding, which means an ever increasing demand for furniture, flooring, books, stationery, and the more than 5,000 other products made from wood."

At the same time, he pointed out, the nation's forest acreage cannot be expected to increase greatly.

DO YOU NEED

**precision-made machine
and hand posting
passbooks**

Samples and Prices on Request

WILLIAM EXLINE INC.

1270 Ontario Street • Cleveland 13, Ohio



- Fine, strong kraft paper
- Firmly sealed seams
- Made to exacting specifications
- Neat, clear printing
- Complete range of distinctive colors

For detailed information and free samples, fill in the coupon.

Brandt Automatic Cashier Co.

515-517 First Street, Watertown, Wisconsin

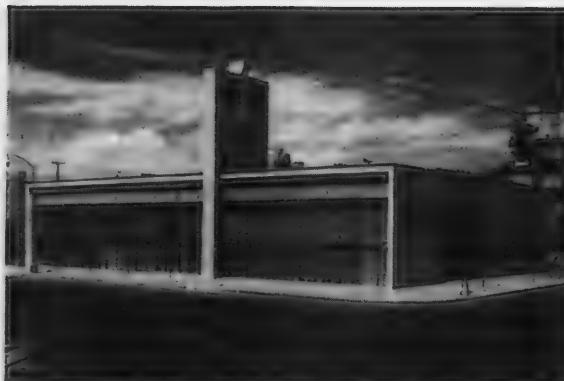
Kindly send free samples of your coin wrappers and bill straps as well as detailed information in connection therewith.

Name.....

Street.....

City..... State.....

"Brandt" and "Cashier" registered United States Patent Office and Canadian Trade Marks Office.



ABOVE, LEFT—New buff brick exterior of First National Bank of Hereford, Tex. The entire front wall of glass keynotes the modern design. ABOVE, RIGHT—the one-story 2nd Avenue branch of Lebanon (Pa.) County Trust Company is constructed of gray speckled brick and porcelain, making the exterior self-washing. George M. Ewing Co., architect

For the Building



ABOVE—New Schofield Barracks building of Bishop National Bank of Hawaii. The new building includes four teller windows and two windows opening onto an outside lanai which is used on Army paydays

ABOVE, LEFT—South Des Moines National Bank (Iowa) offers customers every possible service inside or out, including the temperature and time of the day over the main entrance

LEFT—Newly completed interior renovation of The Northampton National Bank, Easton, Pa. The decor is a combination of traditional and formally styled contemporary, designed by The Cunneen Company



ABOVE, LEFT—Curtain-walled Bank of Ozark, Ala., provides attractive exterior while providing the interior with light, spaciousness, and openness. ABOVE, RIGHT—Colonial Park branch of Camp Curtin Trust Company, Harrisburg, Pa., offers motorists complete bank facilities through drive-up window

Scrapbook



ABOVE—Modern drive-in branch of Citizens National Bank, Wooster, Ohio

ABOVE RIGHT—Contemporary interior of the new Park and North Avenue branch of Peoples Savings Bank of Bridgeport, Conn. Designed and built by Bank Building & Equipment Corporation of America

RIGHT—Striking interior of Northside Bank of Tampa, Fla. Building designed by the firm of Pullara, Bowen & Watson won first prize for commercial structures. Award was given by Florida Association of Architects



AN INVITATION

Of late we have observed a trend on the part of bankers to visit printing establishments for the purpose of familiarizing themselves with printing operations. No doubt this is motivated by a desire to learn just what is involved in the encoding of bank checks for mechanized check handling. Regardless of what is prompting the visits, we are very much in favor of them and we are pleased to extend an invitation to any banker to visit any of our nine plants.

As a matter of fact, we believe every buyer should "know his supplier." In August of 1957 we ran an ad on this subject, pointing out that when we spend a lot of money for materials we like to know how they are made and who makes them. We like to see the equipment utilized by our supplier and observe it in operation. We like to make the acquaintance of the operating group upon whom we depend for service. We like to brief ourselves on the financial standing and business philosophy of the companies that serve us. In other words, the interests of the supplier become our interests, especially when a substantial outlay of money is involved.

Now that bank checks are becoming such an important expense item — due to the fact that they are personalized and encoded in some manner — they are moving out of the realm of simple procurement into an area where the needs of the buyer and the limitations of the seller should be thoroughly understood by both. The most effective way to bring this about is to get them together. When we, as a printer, visit a bank, we have difficulty understanding the complexities of check handling, but on the other hand, because we visit so many banks, we are beginning to understand the procedure and, in fact, have even picked up some understanding of mechanized handling.

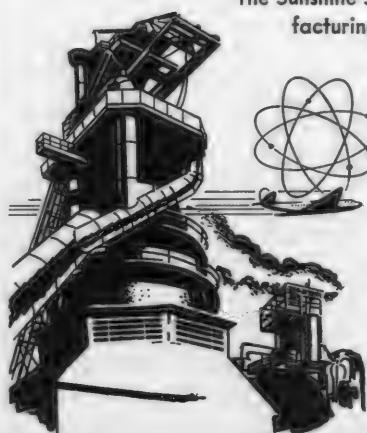
Well, printing operations are not as complex as electronic devices and yet they remain a mystery to those who have not observed them. Their significance, however, is easier to grasp once they are observed, which is the prime reason why we think it would be well worth while for any banker to spend one full day in a printing establishment.



Manufacturing Plants at:

CLIFTON, PAOLI, CLEVELAND, INDIANAPOLIS, CHICAGO,
KANSAS CITY, ST. PAUL, DALLAS, CHATSWORTH

Fastest Growing Industry in FLORIDA is Electronics



The Sunshine State has had a 67% gain in manufacturing in the last decade . . . and the industrial picture is growing and changing all the time. If your customer's problem involves Florida facts and figures contact the Barnett for information. Our 82 years of Florida banking experience is at your disposal—address your inquiries: "Florida Information Desk."

**The BARNETT
NATIONAL BANK**

of Jacksonville

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Tailoring Reports

(CONTINUED FROM PAGE 55)

of presently anticipated losses, would carry the excess in this account. Precautionary reserves for losses on securities would be similarly treated. Because these reserves are classified as unallocated does not mean that they are set up at the whim of the management. There are times when the management should provide reserves for possible occurrences that at the moment of provision cannot be applied against a specific asset. What is important is that these reserves represent costs that should be applied against current year's earnings. On the other hand, general purpose contingency reserves set up to equalize profits between years do not qualify and should be provided by an allocation of undivided profits or surplus as described later on.

Shareholders' Equity

The total equity of shareholders arrived at by this computation would ordinarily be the aggregate of the capital stock, surplus, undivided profits accounts, and general purpose contingency reserves, if any, and these balances would be stated at the foot of the statement of financial condition. General purpose contingency reserves would be considered an allocation of undivided profits, and all entries would, therefore, be made to and from undivided profits. In other words, it would not be permissible to use this reserve to absorb losses that should be reflected in the statement of earnings. For this reason amounts provided in such reserves would not serve to reduce earnings. Reserves required for specific purposes which should be provided out of current income would appear in the capital assets and liabilities section of the statement of condition.

In summary, we have provided for a 3-way split in reserves: (1) those that reduce the carrying value of a banking asset and are provided out of banking income, (2) those that do not apply to a specific asset and are therefore the concern of the stockholders but which nevertheless reflect by their provision a real diminution in income of the period, and (3) those that are purely precautionary and for this reason are

(CONTINUED ON PAGE 136)

AMERICAN TRUST COMPANY

San Francisco

Statement of Condition, March 31, 1959

RESOURCES

Cash on Hand and in Banks	\$ 276,215,509.76
U. S. Government Obligations	447,064,217.79
State, County and Municipal Bonds	93,462,186.95
Other Bonds and Securities	23,186,242.55
Stock in Federal Reserve Bank	3,000,000.00
Loans and Discounts	907,401,697.85
Bank Premises and Equipment	16,888,841.67
Other Real Estate	1.00
Customers' Liability under Acceptances	1,548,257.27
Accrued Interest Receivable and other Assets	14,633,037.60
Total Resources	\$1,783,399,992.44

LIABILITIES

Deposits	\$1,628,302,699.80
Acceptances Outstanding	1,614,151.76
Reserve for Unearned Discount	15,745,937.34
Reserve for Interest, Taxes, etc.	15,852,271.30
Other Liabilities	3,440,282.01
Capital Funds:	
Capital Stock (\$10.00 par value)	\$27,812,500.00
Surplus	72,187,500.00
Undivided Profits	18,444,650.23
Total Liabilities	\$1,783,399,992.44

United States Government and other securities carried at \$252,305,333.51 are pledged to secure U. S. Government Deposits, other public funds, trust deposits, and for other purposes as required or permitted by law.

FRAZER A. BAILEY
San Francisco

WAKEFIELD BAKER

President, Baker & Hamilton

KENNETH K. BECHTEL

Chairman of the Board
Industrial Indemnity Company

COLBERT COLDWELL

Coldwell, Banker & Company

PETER COOK, JR.

Rio Vista

RANSOM M. COOK

Senior Vice President

PAUL L. DAVIES

Chairman of the Board, Food
Machinery and Chemical Corporation

CHARLES ELSEY

San Francisco

B. R. FUNSTEN

President, B. R. Funsten & Co.

DIRECTORS

HENRY Q. HAWES
San Francisco

WILLIAM L. KEADY

President, Fibreboard Paper
Products Corporation

HARRIS C. KIRK

President

J. R. KNOWLAND

Publisher, Oakland Tribune

DANIEL E. KOSHLAND

Chairman of the Executive Committee
Levi Strauss & Company

ROGER D. LAPHAM

San Francisco

JAMES K. LOCHHEAD

Piedmont

DONALD MACLEAN

President, California and Hawaiian
Sugar Refining Corporation

J. W. MAILLIARD, III

Vice President
Mailiard & Schmiedell

DONALD H. MC LAUGHLIN

President, Homestake Mining
Company

ROBERT W. MILLER

Chairman of the Board
Pacific Lighting Corporation

GEORGE G. MONTGOMERY

President, Kern County
Land Company

HERMAN PHLEGER

Brobeck, Phleger & Harrison,
Attorneys

ALLAN SPROUL

Kentfield

MARK R. SULLIVAN

President, The Pacific Telephone
and Telegraph Company

BEN F. WOOLNER

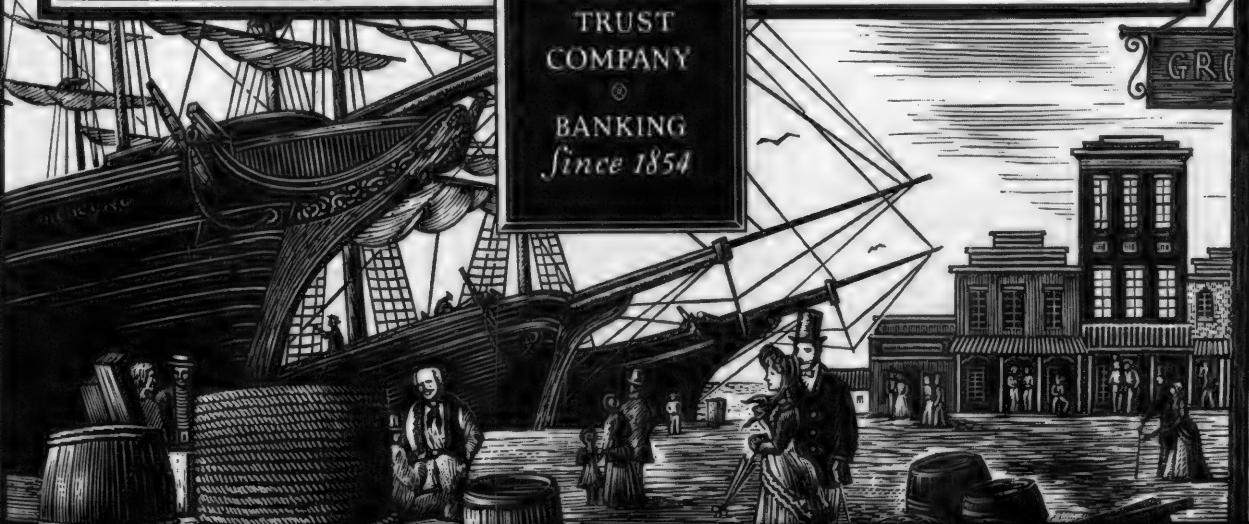
Attorney

100 BANKING OFFICES SERVING NORTHERN CALIFORNIA

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

MEMBER FEDERAL RESERVE SYSTEM

AMERICAN
TRUST
COMPANY
®
BANKING
since 1854



A NEW PICTURE DAILY . . .



... A NEW DISPLAY EVERY DAY

Are you wasting thousands of valuable advertising dollars? Banks throughout the country are making their windows and lobbies pay extra dividends with **TIMELY EVENTS'** attention-getting fluorescent displays featuring time, barometric pressure and outstanding newscolors. Custom designed to blend with your decor and priced as low as \$2.00 per week.

TIMELY EVENTS

236 N. Clark St. Chicago 1, Ill.

Do Your Directors
Read BANKING?

Credit Life
INSURANCE COMPANY
Springfield, Ohio

Licensed in all 50 States,
D. C. and Canada

DO YOU NEED
MORE DEPOSITS?

Exline animal-style coin savers really appeal to young and old; establish the thrift habit and quickly build deposits.

Standard and special designs available.

Write for samples and prices.

WILLIAM EXLINE INC.
1270 Ontario Street • Cleveland 13, Ohio

(CONTINUED FROM PAGE 134)

really only a segregation of the bank's capital.

Statement of Income

The model statement of income, Exhibit II, attempts to follow a similar pattern and segregate the amounts applicable to banking operations from the results of other transactions. It will be noticed that approximately two-thirds of the way down the attached exhibit a subtotal is arrived at entitled "net income from banking operations." Of the captions entering into the computation of this figure, a few deserve comment.

Banking Operations

Interest income from security investments is stated net of amortization of both discounts and premiums. Tax considerations aside, it is doubtful that any investor in Government and municipal interest-bearing obligations considers either discount or premium as anything save an adjustment to bring the coupon rate to the market interest rate. It seems proper, therefore, in the financial reporting to state the interest income from securities on the basis of the interest earned on the actual money invested in the securities.

Federal and state income taxes applicable to operating expenses have been included in operating expenses, since they are both inescapable and permanently with us. This is a matter of personal preference, however, and those banks interested in showing the before-and-after tax figures could do so without disturbing the basis on which these statements have been composed.

Other Income

As for other profits and losses, it will be noted that these comprise a number of items often included in the undivided profits account. From the standpoint of the owners of the bank, however, it seems clear that they are a part of the determination of the net profit for the year, which is the reason they have been so treated in this statement. This, it may be noted in passing, is what the Federal Reserve Board does in its statistics on member bank earnings. (See, for example, "Member Bank Earnings, First Half of 1958"; *Federal Reserve Bulletin*, November

1958, page 1275; especially the footnotes on page 1275.)

Security Trading Profits

A few comments on some of the captions in Exhibit II would be in order. "Net profit on sale of securities" would usually be a much smaller amount than heretofore. This is true for two reasons. First, amortization of discounts would qualify as interest income some of the amounts formerly considered as profits on sales; second, the treatment of profits on sales advocated by the writer would substantially reduce the trading profits now ascribed to investment securities.

If a bank sells some of its U. S. Governments and reinvests in other U. S. Governments for the purpose of changing the average maturity of its portfolio or improving its yield, no profit has really been achieved. What has it accomplished except to exchange pieces of paper? As long as the funds remain invested in U. S. Governments the transaction should be treated as an exchange rather than as a completed sale. This is true, even though the two transactions did not take place simultaneously. Unless a portion of the portfolio had been liquidated, it seems to me that no profits or losses should be recorded. The only profits or losses that should be recognized are those realized when the total investment in U. S. Governments declined for more than a short interim period. Similar treatment would be afforded investments in municipal securities.

There are some who even advocate considering the investment in U. S. Governments, municipal securities, and loans all as the investment of depositors' funds and would advocate carrying forward all profits or losses realized where the aggregate amount invested in these assets did not materially change. From the standpoint of theory they have a stronger position and are probably right. The mechanical problems of computing and amortizing the amount to be carried forward are substantial, however, and for practical reasons only, it is my opinion that this treatment should be applied to the U. S. Governments, municipal, and loan portfolios as if they were three separate portfolios. Whichever way the final decision is made, it need not affect the con-

(CONTINUED ON PAGE 138)



Complete Correspondent Service

65 OFFICES IN GREATER LOS ANGELES AREA

Serving a market of 6,280,000 people in 4,866 square miles

Officers

FRANK L. KING, President

CLIFFORD TWETER, Executive Vice President

NATIONAL DIVISION

Vice Presidents

WILLIAM E. PALMER

NORMAN BARKER, JR. • DAVID P. BLANKENHORN • JOHN V. HAAS • JAMES L. McELNEY
JOHN M. MILLER • GARDNER TURRILL • VICTOR H. WINFREY

Assistant Vice Presidents

HARWOOD O. BENTON, JR. • JACK MORRIS

Assistant Cashiers

F. M. ARMITAGE • G. C. COOMBS • VICTOR ETIENNE III • W. L. HART • CHARLES M. WHITMORE

California Bank

629 SOUTH SPRING ST., LOS ANGELES 54, MADISON 4-0111

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

(CONTINUED FROM PAGE 136)

SPEED UP COLLECTIONS

WITH

Curtisee
MAILERS

EASY TO USE

THRIFTY TO MAIL

3 units in one. Outgoing Envelope, Delinquent Notice and Return Envelope.

CURTISEE MAILERS are delivered folded and sealed, ready for addressing.

- You save collating, folding and sealing time.
- The handy Return Envelope invites immediate action.
- Can be mailed at low third-class postage rates.

Curtis 1000 Inc.

1000 UNIVERSITY AVE., ST. PAUL 4, MINN.

Please send kit of CURTISEE MAILERS for collecting delinquent payments.

Name

Bank

Address

Clip this coupon to your letterhead.

siderations of the attached financial statements, since it will not change the problems of statement presentation.

Provisions for General Reserves

One other account, the "additional loan loss reserve provided," deserves comment. This caption would show the amount of loan loss reserve provided in the current year that did not represent actual losses on specific loans. In other words, the amount added to "estimated losses on collection" in the banking assets section of the statement of financial condition would be an operating expense. On the other hand, any amounts added to "unallocated reserves for losses on loans" in the statement of financial condition would be provided by a charge at this caption.

Conclusions

In summary, banks should follow generally accepted principles of accounting, and the attached form of financial statements shows how they can. Adoption of this style of financial reporting would make available several specific advantages, since (1) by this method banks can prepare financial statements for their owners showing on a realistic basis the actual net income for the period and the financial position on a going concern basis, (2) the accounting for income from investments in securities can be shown in a manner that truly reflects the economic considerations, and (3) the conservatism necessary to the protection of depositors because of the banks' quasi-public position can be observed. It is hoped that by these methods of financial reporting publicly owned banks' annual reports can be made more useful to the management, the depositors, the public, and the shareholders. These proposals are, perhaps, too far-reaching for the individual bank to act upon unilaterally, but the state of flux that present bank reporting finds itself in and the repeated recognition of the problems in the literature indicate that the time may have arrived for the industry, through its organizations and the regulatory authorities, to arrive at a program for improvement of banks' financial reports to their owners.

(END)



Now National City's night transit system is faster than ever

Our messengers pick up and deliver mail at Cleveland airport post office, around the clock. Downtown stopovers are eliminated. This new service can improve availability by one day. If you're not a National City correspondent, contact us for details.

NATIONAL CITY BANK of Cleveland

623 EUCLID AVENUE, CLEVELAND 1, OHIO
Member Federal Deposit Insurance Corp.

Ready—
Early in 1960

FIRST
NATIONAL BANK
MINNEAPOLIS

IN STEP WITH
THE UPPER MIDWEST'S
GROWING BANKING NEEDS

A dynamically changing Upper Midwest market is producing dramatic changes also in the skyline of Minneapolis, where the new 28-story First National Bank Building is soon to become our area's most distinctive financial center.

Founded 1857

Resources over \$479,000,000
Member Federal Deposit Insurance Corporation

A.I.B.'s 57th Annual Convention Program

Philadelphia, June 1-5

CHALLENGES to banking education and how to meet them will be the underlying theme of the 57th annual convention of the American Institute of Banking, scheduled for Philadelphia, June 1-5. More than 1,500 younger bank men and women from all sections of the country are expected to attend the sessions at the Bellevue Stratford and Sheraton Hotels.

The advance program for the convention, announced recently by Gerard E. Hayes, Institute president and assistant vice-president, The National Shawmut Bank, Boston, lists many prominent speakers, among them: Maurice Megrah, honorary fellow of The Institute of Bankers, London, England; Dr. Harry D. Gideonse, president of Brooklyn College, Brooklyn, N. Y.; and Tennyson Guyer, director of public relations, Cooper Tire & Rubber Company, Findlay, Ohio.

The delegates will be welcomed to Philadelphia by Frederic A. Potts, general chairman of the local convention committee and president of The Philadelphia National Bank. Dr. Gideonse will address this opening session; and the year's outstanding A.I.B. student in graduate work, whose identity will not be revealed in advance, will be presented with the Harold Stonier Award for scholarship.

Election of Officers

Election and installation of officers will take place on the final day of the convention. Ralph H. Mittendorff, vice-president of the American Security and Trust Company, Washington, D. C., and present vice-president of the Institute, will be installed as president. Milton F. Darr, Jr., vice-president, La Salle National Bank, Chicago, is the only announced candidate for vice-president.

The advance program in part:

First Business Session

Monday, June 1, 9:30 A.M.

Call to order by Mr. Hayes.

Address of welcome by Mr. Potts.



Gerard E. Hayes



R. H. Mittendorff

Annual Report of the National Secretary by Robert C. Rutherford, New York.

Annual report of the National Educational Director by Dr. Leroy Lewis, New York.

Annual Report of the President by Mr. Hayes.

Presentation of the Harold Stonier Award by Mr. Mittendorff.

Address by Dr. Gideonse.

National Public Speaking Contest for the A. P. Giannini Educational Endowment Prizes

Monday, June 1, 8:30 P.M.

Presiding, Donald K. Trescott, chairman, National Public Speaking Committee; Industrial National Bank, Providence, R. I.

GENERAL THEME: "Central Banking."

Educational Conferences

Tuesday, June 2, 9:30-12 Noon

Presiding, George Clark, national president 1957-58; Security First National Bank, Los Angeles.

THEME: "Challenges to Banking Education."

"Professional Standards in Banking" by Dr. Karl R. Bopp, president, Federal Reserve Bank of Philadelphia.



F. A. Potts



H. D. Gideonse

"The Human Element in Banking" by Mr. Megrah.

"Banking Education at Home and Abroad: Similarities and Differences" by Dr. Lewis.

Tuesday, June 2, 2-4:30 P.M.

Group I (chapters with potential membership over 2,500).

Presiding, C. Gordon Dodd, member, A.I.B. Executive Council; The Pacific National Bank of Seattle.

THEME: "Challenges to Our Chapters."

Panel discussion moderated by Hugh O. Ferguson, Mellon National Bank and Trust Co., Pittsburgh. Panel members: Barbara Clark, The City Bank, Detroit; Richard S. Fitzgerald, First National Bank of Denver; Fred J. Grant, The National Shawmut Bank of Boston; and John Willut, First Wisconsin National Bank, Milwaukee.

Group II (chapters with potential membership of 750 to 2,500).

Presiding, Marshall C. Tyndall, Sr., member, A.I.B. Executive Council; Bank of Delaware, Wilmington.

Panel discussion moderated by Harry M. Schoenly, Riggs National Bank, Washington, D. C. Panel members: Harlow Codling, Bank of America N.T. & S.A., San Diego; Anna Foster, Valley National Bank, Phoenix; David A. Shern, First National Bank of Saint Paul; and Edith B. Walker, Peoples Bank of Naticoke, Pa.

Group III (chapters with potential membership under 750).

Presiding, J. Waldo Livingston, member, A.I.B. Executive Council; The First National Bank & Trust Company of Tulsa.

Panel discussion moderated by Henry C. Ruegg, The Ohio National Bank, Columbus. Panel members: Mary H. Foley, Mechanics National Bank, Worcester, Mass.; George Hicks, First National Bank, Newport News, Va.; Wesley B. Simmers, Northeastern Pennsylvania National Bank and Trust Co., Wilkes-Barre; and Norman T.

Worthington, Citizens Savings Bank, Cranston, R. I.

8:30 P.M.

National Debate Contest for the Jesse H. Jones National Convention Debate Fund Prizes

Presiding, Robert W. Worcester, chairman, National Debate Committee; Federal Reserve Bank of Minneapolis.

QUESTION: "Resolved, That Federal price supports for agriculture should be discontinued."

Women's Conference

Wednesday, June 3, 9:30-11:30 A.M.

Presiding, Theresa Elliott, chairman, National Women's Committee;

The Bank of California N.A.; San Francisco.

THEME: "Keeping Pace with the Times."

"Through Personnel" by Charlotte A. Engel, National Savings & Trust Co., Washington, D. C.

"Through Public Relations" by Cora I. Blanchard, Suffolk Franklin Savings Bank, Boston.

"Through Leadership" by Louise T. Pike, The National Bank of Washington, Washington, D. C.

"Through Automation" by Robert Pollock, The Chase Manhattan Bank, New York.

Second Business Session

Friday, June 5, 9:30 A.M.

Call to order by President Hayes.

Report of the Resolutions Committee by its chairman, John H. Howard, Jr., Federal Reserve Bank of Boston.

Address by Mr. Guyer.

Installation of officers and Executive Councilmen.

The Institute has a membership of 147,166 men and women of the banking business (as of March 31 of this year). Enrolments in its classes, study groups, and correspondence courses in nearly every aspect of banking total 83,890. Delegates to the convention will represent the membership of upward of 500 chapters and study groups.

Charge Account Banking

One Banker's Research Report

IN a research paper on his bank's experience in charge account banking, William F. Hoffman, auditor, Industrial Trust and Savings Bank, Muncie, Ind., concisely outlines the forms of credit extended by banks which provide needed charge account machinery to small and large merchants and needed charge account service to consumers, all to the profit of the bank.

Over 70 banks in the United States offer such a service today.

Many banks, comments Mr. Hoffman, were oversold on both profit potential and on equipment and supplies for this service. They were discouraged and disappointed when that service did not immediately produce expected income. Other banks more cautiously bought nominal equipment and supplies and added more later as volume warranted larger outlay.

Outline

Here's a resumé from Mr. Hoffman's concise report.

All consumer applications are screened by the bank. Approved applicants get a "charge plate" or "tag," which is honored for purchases from all merchants participating in the plan. Sales slips for these purchases, usually in triplicate and endorsed "no recourse," are

imprinted with the bank's name and the name and address of the customer by the plate and a mechanical device. One copy of each slip is forwarded to the bank, which credits the merchant's checking account with the face value less 5% or 6% as the bank's charge to the merchant. Customers receive monthly statements from the bank, listing all of their charge-plan purchases at member stores. The bank then receives payment according to the type of plan—30-day, revolving credit, or universal credit. The consumer has had available to him credit at, in most cases, hundreds of stores. Regardless of how many participating stores he has charged at during the month he receives just one statement and has one monthly payment to meet for these purchases.

Discounts Vary

Discount to merchants varies from bank to bank—usually between 5% and 6%. Some banks offer a sliding scale, lowering the rate as volume increases. Some have a fixed charge imposed if a merchant doesn't achieve a certain minimum volume; some charge a fixed amount rather than discount if the merchant's billing exceeds a certain level. Some

banks charge an entry fee to each store, to cover the expense of installing a new store in the system. Banks usually supply merchants with advertising media, sales books, credit vouchers, applications, the mechanical device for plate imprinting, and other supplies.

Industrial Trust and Savings had a gross bad debt loss of .499% since the inception of its plan in March 1953; various collection procedures reduced this to a net of .289%.

Ten other banks cooperated with Mr. Hoffman in obtaining data for tables included in his report. Here are some interesting statistics.

- 52% of the participating merchants felt that they sold more merchandise to charge than cash customers.
- 60% of participating merchants maintained other accounts of some sort with the plan-sponsoring bank; just about half had done most of their banking business with that bank *prior* to joining the plan.
- Types of stores and professions that should be included in bank charge account systems were listed in the following order by customers: drug, dentist, jewelry, service station, hardware, adult apparel and shoes, optometrist, furniture, children's wear and gift.



WINGS FOR THE AIR OF CANADA

Ranking fourth among trading nations and sixth among industrial countries of the world, Canada merits U. S. banking attention today for other reasons as well.

The government of Canada is stable. Our people are proud of their nation's unity, and of its destiny as a land of great and varied natural resources and rapid industrial development. By far the largest part of new capital investment in Canada comes from Canadian thrift.

It is not yet generally realized, even in the United States, that manufactures now account for 30% of Canada's national income. Notable recent progress has been made in tool-machinery, electrical and electronics equipment, chemicals, aircraft and automobiles, but expansion into scores of other fields is proceeding fast.

In Canada's hundreds of new industries and in her

rapid development of mineral and forest resources are opportunities for mutually productive commerce between firms in our country and U. S. suppliers, consumers and distributors. You are invited to consult our Business Development Division, regarding the specific situation of any of your own customers who seek to capitalize Canada's future.

THE CANADIAN BANK OF COMMERCE

Head Office—Toronto 1, Canada

New York • San Francisco • Los Angeles

Seattle • Portland, Ore.

London, England, West Indies and Nassau, Bahamas
Resident Representatives: Chicago and Dallas
More than 800 branches across Canada



Bank Earnings

(CONTINUED FROM PAGE 42)

serve Regulation Q, 3% is the ceiling today. In the absence, as yet, of 1958 data, the figures at the bottom of page 42, as reported by the Federal Reserve Board, provide a contrast with present interest rates and also reveal the differences prevailing in different types of banks.

Interest on time deposits, an important expense item for smaller banks, cut into 1958 earnings but "will be less of a problem in 1959," in the opinion of Standard & Poor's.

Looking to the end of 1959 and beyond, investment analysts have been viewing bank earnings with confidence. In late February, Standard & Poor's survey of the banking industry commented:

Bank stocks are regarded as reasonably priced in relation to prospective (higher) earnings. . . . They afford fair returns which are expected to be lifted somewhat by future dividend increases. Leading bank stocks have considerable investment stability, but they also promise a measure of long-term growth in line with the nation's economic expansion. . . .

Average loan volume in 1959 is expected to establish a new high, with favorable implications for bank earnings. Investments held by banks are likely to average at least as high a total this year as last. Deposit growth is expected. . . . The sharp uptrend in time deposits, however, appears to have leveled off for the present. Returns on the large volume of earning assets will be well above the 1958 level. Net operating earnings, therefore, are expected to rise slowly to a new high in 1959.

In an analysis of banking shares published March 27 Arthur Wiesenberger and Company sees in banking "safety plus growth." The title of a Wiesenberger chart tells the story in a nutshell: "Bank earnings Outperform the Dow." Another chart covering 1957 and 1958 shows how banks' earnings assets rose even though loans failed to increase during the recession period. "Once again in 1958 banks demonstrated an ability to resist the business recession," states the analysis. The growth of bank earnings "has been not only steady but impressive." Of the immediate prospect, the brokerage firm states:

Liquidity of the commercial banking
(CONTINUED ON PAGE 144)

BANCO COMERCIAL ANTIOQUEÑO

Established 1912

Head Office: Medellin, Colombia, South America
with 49 Branch Offices in Colombia

Cable address for all offices—Bancoquia

Reliable and responsible commercial and financial information supplied by the Banco Comercial Antioqueño is supported by our 46 years' experience in growing with Colombia, and the complete facilities of our 50 offices located in every important commercial market of the country.

We invite your inquiries.

Antonio Derka, General Manager

Capital paid-up	\$30,000,000 — Pesos Colombian.
Legal reserves	\$33,044,000 — Pesos Colombian.
Other reserves	\$ 6,590,000 — Pesos Colombian.

What's the Interest? . . .

During the past hundred years an untold number of simple interest tables have been published in this country, but not so many new ones in recent years. As more odd $\frac{1}{4}\%$ interest rates have come into widespread use the old Tables have become sadly inadequate.

Therefore we have decided to prepare a completely new simple interest table, with more in it than earlier tables. Briefly, it will show rates from 3% to 7% by $\frac{1}{4}\%$, also 7 $\frac{1}{2}$

and 8%. It will show each day to 220 days. In amounts it will have each \$1 to \$100 and each \$100 to \$10,000.

It will be big (13 x 9 inches) with 900 pages, but it will be a humdinger. The price will be \$25 and it won't be delivered until Sept. 1 — but if you want to order now it will be \$15 prepublication price, to be invoiced when the book is shipped.

Tell your P.A. to order publication #43.

FINANCIAL PUBLISHING COMPANY

82 Brookline Avenue, Boston 15, Mass. KENMORE 6-1827

SPECIALISTS IN FINANCIAL MATHEMATICAL TABLES



Why Pass Up Extra Commissions?

Leading passbook manufacturer now has several territories open for aggressive men calling on banks to sell all types of passbooks and pocket check covers. Commission basis.

WILLIAM EXLINE, INC.
1278 Ontario Street • Cleveland 13, Ohio

Do Your Directors
Read BANKING?

THREE MEN WITH IDEAS

... One could be you



Above you see a typical "plans meeting" of a local architect, a bank executive, and a LeFebure representative. This is the team that is instrumental in the planning and design of bank building and remodeling projects throughout the country.

The building and remodeling of banks is at an all-time high, with even greater activity predicted for the period ahead. With this in mind, LeFebure has inaugurated a new Architects Service Division . . . a division that works harmoniously with your local architect and the plans board of your bank.

How does this new LeFebure service function? When your building or remodeling is in the thinking stage, call in your local architect (who is probably one of your good customers) and your nearest LeFebure representative. LeFebure, with its long record of experience and service to banks, will make a thorough study of your operations, without charge. LeFebure planning engineers will then draw up a recommendation for the amount of equipment, and the type of equipment, that will be required for greatest operating efficiency. This, when turned over to your architect, will permit him to put all of his skills into your building or remodeling program.

If you'd like to learn more about this new LeFebure Architects Service Division, contact your local LeFebure representative or write today.



With an architect and LeFebure working together, interior planning combines attractive design with functional efficiency — for better bank operation.



No two operations are exactly alike. LeFebure takes into consideration your operating methods, local customs, laws . . . and the character and personality you have developed for your bank.

LeFebure CORPORATION • CEDAR RAPIDS, IOWA
Representatives in Most Principal Cities
Bank Equipment Headquarters

(CONTINUED FROM PAGE 142)

system is relatively low compared to 1955, when business was also emerging from a recession. Thus interaction of demand and supply forces is laying the foundation for further upward pressure on short-term interest rates. Recently, several Federal Reserve banks raised the discount rate from 2½ to 3% in order to restrain inflationary tendencies. . . . This increase could be a forerunner of a hike in the prime bank rate, currently 4%.

A combination of expanded earning assets and higher lending rates is expected to boost bank operating earnings to record levels in 1959, despite anticipated higher expenses.

As mentioned above, the bank earnings experience varies according to size of bank, location, and other considerations. In attempting to draw conclusions as to the whole of 1959 from first quarter reports, one must, moreover, have seasonal factors in mind. Loan volume tends to vary according to the state of the industry doing the borrowing. The cross currents among the various factors at work make it risky to read too much into a few early earnings reports.*

Through March, business loans seem to have been declining more than seasonally, a conspicuous ex-

ception being loans to metals and metal products manufacturers, reflecting inventory build-up. Loans to textile and wholesale and retail trading firms showed a seasonal rise. The more than seasonal decline may be attributable to generally good business profits and "self financing," coupled with considerable paying off of bank loans. But, as time passes, loan volume may be expected to increase.

While economic growth of the country means growth for banking, not all banks are equally affected. New York City banks, for instance, are handicapped by the inability to follow their customers who move to the suburbs. The same is true in many metropolitan centers where state or other political limits intervene. New England banks and those in some other parts of the East are adversely affected as to growth by the migration of industry to other sections of the country. A bad automobile year can mean poorer results for banks in Detroit and similar industrial centers. Competition from other lenders may be more intense in one section than another.

ARE YOU LOOKING TOWARDS PERU...?

The promotion of Peruvian foreign trade has been one of the main objects of our bank ever since its foundation 70 years ago. If you are interested in doing business in Peru, a letter addressed to us will assure you our friendly cooperation.



BANCO DE CREDITO DEL PERU

Head Office - - LIMA

100 Offices Throughout the Country

CAPITAL-\$./80,000,000.00 SURPLUS-\$./100,499,372.14
"Peru's Oldest National Commercial Bank"

MIT

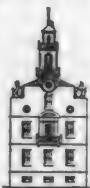
Dividend Announcement

Massachusetts
Investors
Trust
DECLARES ITS
138th Consecutive Dividend

10 cents a share,
from net income,
payable April 27
to shareholders of
record March 31,
1959.

ROBERT W. LADD,
Secretary

200 Berkeley Street, Boston



DO
YOU
NEED
- tellers
- cash tickets
- coin wrappers
- ledger cards
- file guides
Write for free
samples and prices.

WILLIAM EXLINE INC.

210 Ontario Street • Cleveland 13, Ohio

Spencer Weart

BANKING STUDIES Branch Locations

225 East 46th St., New York 17, N.Y.

Investment Earnings

Apart from current earnings, the main item is earnings from investments. Of total member bank earnings in 1958, approximately \$7.1-billion, earnings from loans accounted for \$4.3-billion, from U.S. Government securities \$1.3-billion, and all other current earnings \$1.5-billion. In addition, a variable factor results from gains or losses on sales of securities. Thus, for all member banks, in 1957 losses, charge-offs, and transfers to valuation reserves exceeded by a considerable margin recoveries, profits, and transfers from valuation reserves. This was reversed in 1958, when banks took advantage of high bond prices to sell Governments at a profit.

Now bond prices are depressed, reflecting tight money, and 1959 is more likely to be a "loss" year so far as concerns portfolio changes. When banks sell investments in order to increase loans, the main con-

(CONTINUED ON PAGE 146)

* For weekly reporting member banks the Federal Reserve Board publishes current and cumulative data on changes in commercial and industrial loans for 11 different industrial, commercial, utility, finance, and other groups. The figures are republished in the *Federal Reserve Bulletin*. Cf. March 1958 issue, p. 284.



Man on a white charger...

There's no sharp ending to a banker's day. As often as not, the average banker finds that five o'clock brings only a new cycle of duties and responsibilities.

He's the man his neighbors look to for leadership. To take charge of the community fund drives. To raise the money for the new school. They expect so much more than just

the answers to their financial problems. And most bankers give so much more than just financial answers. It's small wonder that many people regard the banker as a kind of hero... *a kind of knight on a white charger!!!*

* * *

At City National, we serve many bankers around the country. We act

as their eyes and ears in the Midwest. We use our facilities to get the information they need. We help them give their customers the kind of service they want to give.

Maybe you, too, could use a strong partner in Chicago. If you'd like to learn of the service we can give, why not phone us. We'd like to do business with you.

Member
Federal Deposit
Insurance
Corporation



**CITY NATIONAL BANK
AND TRUST COMPANY OF CHICAGO**

208 South La Salle Street • FRanklin 2-7400

HOW TO WATCH WITHOUT BEING SEEN



↑ From the dark observation room, it's a window...



↑ From the bank floor, it's a mirror!

Activities on the banking floor can be kept under constant surveillance through this window of *Mirropane*®. Observe in person, with camera or closed-circuit TV. People can't see you or the equipment. All they see is a mirror. For information on *Mirropane*, the "see-thru" mirror, call your L·O·F Distributor or Dealer (listed under "Glass" in the Yellow Pages). Or write to Dept. 259.



MIRROPANE

LIBBEY·OWENS·FORD GLASS CO.
608 Madison Avenue, Toledo 3, Ohio

TO: SCHOOL SAVINGS SPONSORS

(past — present — future)

The test of a system is its record. In school savings it's **SCHOOL THRIFT**, for 30 years! Banks endorse our "books only" and packaged supply programs. We feature year around promotion too! Send for a sample packet on systems and promotion materials. They spell *s-u-c-c-e-s-s*.

Write BOX MB below

MAIN OFFICE
326 South Broadway
Yonkers, N. Y.

BRANCH
137 Perkins Ave.
Brockton, Mass.



(CONTINUED FROM PAGE 144)

sideration, of course, is the higher earnings to be obtained from loans.

Having mentioned various elements in the outlook for 1959 earnings, we have space only to list other important considerations. Pending legislation concerning changes in authorized reserve requirements in central reserve cities and the treatment of vault cash could affect individual banks. Service charges are an important element in bank earnings. Continuance of a gradual rise is anticipated. Efforts of bank supervisory authorities to strengthen bank management by paying more "competitive" salaries will continue to be reflected in costs of operation.

Interest rates, yields on securities, portfolio operations—these important features of banking depend heavily on Federal Reserve policy. Which way the Fed leans in its efforts to regulate the volume of money and credit depends on which way the Fed sees the economy to be moving. In the last analysis good business generally means good business for the banks.

The outlook is good. But there are important unpredictables. Will Khrushchev make trouble abroad? Will the American public's inflation psychology change? Will the stock market break?

If we knew the answers to such questions we could be a little more precise about bank earnings in 1959.

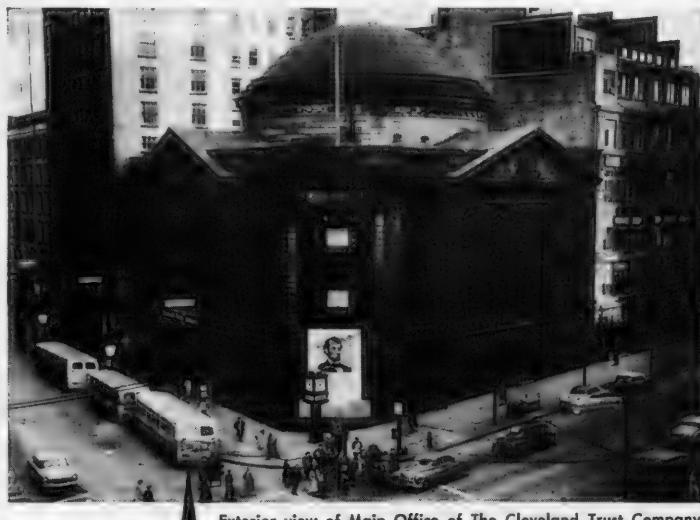


"I'm going to have to put you on a money diet!"

The Cleveland Trust Company with the largest branch banking system between New York and California uses many **BRANDT** Automatic Cashiers



Interior view of a branch of The Cleveland Trust Company, showing eight Brandt Automatic Cashiers.



Exterior view of Main Office of The Cleveland Trust Company.

The Cleveland Trust Company, Cleveland, Ohio, is renowned, among other reasons, because it has the largest branch banking system between New York and California; to be exact, it has a total of 69 banking offices.

A bank of this size requires a large number of Brandt Automatic Cashiers (coin paying machines) to give the best of service to its more than 700,000 customers. 427 of these machines are in use by The Cleveland Trust Company. The first machine was installed in the year 1913, additional machines have been acquired as needed by the growth of this great bank.

BRANDT AUTOMATIC CASHIER COMPANY
WATERTOWN

Established 1890
Brandt® Cashier®

WISCONSIN



When a good customer is currently not acceptable for bank credit ...

MAY WE SUGGEST
That you contact **ALC**.

A bank may, if so desired, participate in an *ALC* arranged loan.

We have unique facilities for expediting:

Accounts Receivable Financing
Machinery and Equipment Loans
Inventory Loans
Construction Loans
Land Development Financing

May we send you information or discuss with you personally our unusual services?

Accredited Loan Correspondents

Registered Securities Dealers
Securities Department
State of Illinois

**ASSOCIATED
LOAN COUNSELLORS**
11 E. 40th St. • Chicago 1, Illinois

Largest paid circulation of any publication in the field . . .

BANKING

New Books

(CONTINUED FROM PAGE 121)

MUTUAL FUNDS AND HOW TO USE THEM. By *William J. Casey*. Institute for Business Planning, Inc., New York. 215 pp. \$12.50. The author shows how mutual fund shares can be arranged to implement a family financial plan; how they can be used in corporate reserves, pensions, and profit-sharing plans; and how the shares and life insurance can complement and supplement each other.

THE FUTURE ORGANIZATION OF BANKING. By *William Blackwood & Sons, Ltd.*, Edinburgh. 161 pp. 20 shillings. A series of lectures delivered at the 11th International Banking Summer School, St. Andrew, Scotland, in September 1958, and published for The Institute of Bankers of Scotland.

INTERBANK DEPOSITS. By *Katherine Finney*. Columbia University Press, New York. 129 pp. \$4. Subtitled "The Purpose and Effects of Domestic Balances, 1934-54," this book considers the purposes served by the deposits, factors affecting their size and location, and the effects of bankers' balances on monetary policy and the functioning of the commercial banking system. Services received by country correspondents and benefits gained by city banks are included. Interviews with bank officers and supervisory officials were important sources of information for the study.

WOMEN IN BANKING: A HISTORY OF THE NATIONAL ASSOCIATION OF BANK WOMEN. By *Genieve N. Gildersleeve*. Public Affairs Press, Washington, D. C. 115 pp. \$3.25. This story of the association's first 35 years is aimed at helping orient new members and at showing other women in banking the advantages of membership. In a foreword, Ray M. Gidney, Comptroller of the Currency, salutes the leaders of the organization and says: "The progress of women in banking will depend upon their natural abilities and upon the qualities developed by education, training, and experience which are essential for a full measure of success in our field. Opportunities

NEW MAN Distinctive Signs

**FINER
SINCE
1882!**

Add good taste and highest quality!

Signs, letters, plaques, nameplates in hand chiseled bronze, aluminum or stainless steel.

**STATE BANK
AND
TRUST
COMPANY
OF
RICHMOND
KENTUCKY**

TODAY Attach this adv. to your letterhead and receive catalog by return mail.

Newman
BROTHERS, INC.
667 W. 4th St., Cincinnati 3, Ohio

The best financial advice you can buy today . . .

Financial Handbook



Standard working guide to every aspect of finance offers unparalleled help to bankers, controllers, treasurers, investors—all who must keep money profitably, safely employed.

Handbook gives the cumulative financial experience of American business—the benefits of modern, tested practice. Includes legal and regulatory provisions governing transactions, instruments, negotiations; essential technical data on markets and exchanges; etc. Explains what to do, what not to do to accomplish your aims in the most practical, economical way. Indispensable to businesses using funds and credit, to institutions and individuals supplying them by investment or loan. Edited by *JULES I. BOGEN*; with 65 Contributing, Consulting Editors. *Third Edition. Revised Printing.*

27 SECTIONS COVER: Securities Markets. Financial Reports, Analysis. Corporate Stock. Bond Financing. Money, Credit, Banking, Trusts, Agencies, International Banking, Dividends and Surplus. Recapitalizations—plus scores of other important subjects.

139 illus.; 1,289 pp. \$12

Accountants' Handbook, 4th Ed. \$15
 Office Management Handbook, 2nd Ed. \$12

Clip ad—check books you want. Attach to your letterhead, send to Dept. B-2,

THE RONALD PRESS COMPANY
15 East 26th St., New York 10

branch bank or main office...

Right

from the ground up!



Marine Midland Trust Company of Southern New York, Southside office, Elmira, New York



Community Savings Bank, Rochester, New York

It takes a specialist to give you the right kind of planning and designing



Wethersfield, Conn., branch, Savings Bank of New Britain

New banking quarters, whether they be a branch or a main office, must be *right*...right from the beginning, if they're to be an asset rather than a liability. Retaining the services of Bank Building Corporation's experienced specialists can assure this kind of a start...resulting in a bank that attracts new customers, holds current customers, and operates at a maximum of efficiency.

Bank Building's team of experts counsels with you at the outset...analyzing every facet of the situation, bringing to your project the experience gained from designing more than 3400 projects of all sizes, from multi-storied financial centers to small country banks. This is a team that brings you the three-fold advantages of creative talent, expert technical knowledge of the banking business, and the practical know-how to avoid the pitfalls that await the inexperienced.

And...it costs no more to do it *right*. Why don't you call or write us today for full information? No obligation.

Send today for FREE booklet

Bank Building Corporation



ST. LOUIS: 1130 HAMPTON AVENUE
NEW YORK • CHICAGO • SAN FRANCISCO • ATLANTA
Operating Outside Continental U. S. as: Bank Building Corporation, International



for training and advancement, already significant, should become even more readily available." Miss Gildersleeve is representative at the United Nations for the Business and Professional Women's Foundation. She was formerly assistant secretary of the A.B.A. Trust Division and edited trust publications.

ADMINISTRATION OF FIELD WAREHOUSE LOANS. By *Dominick Joseph Mastellon*. Lawrence Warehouse Company, San Francisco. 76 pp. Here is the thesis Mr. Mastellon,

vice-president of The County Trust Company, White Plains, N. Y., prepared for the Graduate School of Banking.

DECISION-MAKING: AN ANNOTATED BIBLIOGRAPHY. By *Paul Wasserman* and *Fred S. Silander*. Graduate School of Business and Public Administration, Cornell University, Ithaca, N. Y. 111 pp. \$3.50. A carefully selected list of books, articles, and documents on the subject.

BUSINESS LOANS OF AMERICAN

COMMERCIAL BANKS. Edited by *Benjamin Haggott Beckhart*. Ronald Press, New York. 453 pp. \$7.50. All aspects of the loans are covered: reasons for borrowing, types of loans, competitive factors, statistics, interest rates, credit availability, portfolio policies. The 16 chapters are by various authors, including numerous bankers.

JIM FISK: THE CAREER OF AN IMPROBABLE RASCAL. By *W. A. Swanberg*. Charles Scribner's Sons, New York. 310 pp. \$4.50. Here's the vivid story of the man who said he was "born to be bad," and who had lived gaudily until he was murdered in 1872 at the age of 37. His was the incredible era of Jay Gould, Daniel Drew, and Commodore Vanderbilt; of Black Friday; unscrupulous financing and financeers. And Fisk was in there pitching with the best—or should we say the worst?—of 'em.

MARKETING RESEARCH PAYS OFF. Edited by *Henry Brenner*. Printers' Ink Books, Pleasantville, N. Y. 372 pp. \$6. Here are 40 case histories of profitable consumer and industrial marketing research, with significant ideas and successful techniques. The chapter authors are market research directors and managers.

THE SELECTION OF RETAIL LOCATIONS. By *Richard Lawrence Nelson*. F. W. Dodge Corp., New York. 422 pp. \$9. A complete study of the many factors involved in selecting locations for establishments selling consumer goods or services. A chapter on locating banks and savings and loan associations goes into detail on the influences affecting sites, estimation of deposit potential, customer service questionnaires, drivings, and other factors.

THE BUSINESS OUTLOOK FOR 1959 IN 26 WORLD MARKETS. Business International, New York. 32 pp. \$26. This will be a good year for many U. S.-owned factories abroad, but exports of American manufacturers will continue to decline, due in part to the influence of high production costs on our prices, says this report. There are many sales opportunities in foreign lands and the climate for manufacturing facilities overseas is improving.

(End)



STATEMENT OF CONDITION AT CLOSE OF BUSINESS MARCH 12, 1959

RESOURCES

CASH AND DUE FROM BANKS.....	\$ 69,953,797.59
UNITED STATES GOVERNMENT SECURITIES.....	63,199,230.02
OBLIGATIONS OF STATES AND POLITICAL SUBDIVISIONS.....	12,112,156.61
OTHER BONDS, NOTES AND DEBENTURES.....	45,195.00
STOCK FEDERAL RESERVE BANK.....	510,000.00
LOANS AND DISCOUNTS.....	124,902,263.21
INCOME EARNED—UNCOLLECTED.....	801,775.03
BANKING HOUSE AND GARAGE PROPERTY.....	3,676,999.92
FURNITURE AND FIXTURES.....	1.00
OTHER REAL ESTATE.....	1.00
CUSTOMERS' LIABILITY—LETTERS OF CREDIT.....	239,312.50
OTHER RESOURCES.....	41,561.14
TOTAL	\$275,482,293.02

LIABILITIES

CAPITAL ACCOUNT:	
COMMON STOCK	\$ 8,500,000.00
SURPLUS	8,500,000.00
UNDIVIDED PROFITS	2,502,150.02
RESERVE FOR CONTINGENCIES	\$ 19,502,150.02
RESERVE FOR DIVIDEND DECLARED	3,292,849.48
RESERVE—AMORTIZATION OF BOND PREMIUMS.....	212,500.00
RESERVE—TAXES, INTEREST, EXPENSE, ETC.....	172,934.69
LETTERS OF CREDIT ISSUED.....	2,257,910.28
INCOME COLLECTED—UNEARNED	239,312.50
DEPOSITS:	
INDIVIDUAL	1,352,747.55
BANK	\$192,111,918.26
J. S. GOVERNMENT	42,393,524.62
OTHER PUBLIC FUNDS	2,308,329.77
TOTAL	11,638,115.85
	248,451,888.50
	\$275,482,293.02

U. S. Government and other securities carried at \$34,214,927.16 in the above statement are deposited to secure public funds and for other purposes required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Helping Build a Greater Fort Worth and Southwest

MEMBER FEDERAL DEPOSIT



Capital and Reserve Accounts Over \$20 Million

BANKING

IDEAS

BOOKLETS

SYSTEMS

PRODUCTS

WHAT'S NEW

This department is compiled by ETHEL M. BAUER of BANKING'S staff.

THE Quik-Sorter is a new device to facilitate the manual sorting of Speedamat address plates. It consists of a series of racks and compartments. The partitions are removable and can be indexed and set



up for any particular sorting job. Manufactured by Addressing Machine Co. of Calif., 667 Mission Street, San Francisco 5.

A NEW development in typewriters is the Chart-Typer, enabling anyone to type the most complex chart material. Saves hours of pen-and-ink drudgery. The keyboard has a normal upper case alphabet and figures. Instead of lower case letters the machine has 27 different chart symbols. Alphabet and letters are designed to harmonize with chart symbols. A simple-to-adjust attachment permits the typing of charts on any kind of chart paper, accurately scaled and aligned at all times. Manufactured in West Germany, the Chart-Typer is distributed exclusively by Continental Office Machines, Inc., 500 Fifth Ave., N. Y. 36.

NEW device for sorting, counting, inserting, and wrapping coins in seconds is Coin-Insert, manufactured by the Bellerose Company. Coin-Insert permits prepared tubes or flat wrappers to slide over the coins with ease and simplicity, after which the ends can be folded, ready for stack-

ing or deposit. Each channel holds the correct number of coins. Easy-to-read markings indicate how many coins are in the channel at any point along the way. Further information may be obtained by writing to 152 West 42nd Street, N. Y. 36.

A N attractive, newly designed metal cane folding chair is now being marketed by Lyon Metal Products, Inc., Aurora, Ill. Chair is made entirely of steel, light in weight, yet extremely durable. Resilient channel frame construction permits chair to adjust to uneven floors without permanent frame distortion. Safety features include positive, pinch-proof hinges, rounded corners, and smooth edges. White rubber feet on all four legs grip floor for safety. Colors are gray or taupe.

A NEW copyholder for secretaries and typists has just been announced by Remington Rand Division of Sperry Rand Corporation. The Foldmatic Line-a-Time copyholder feeds and handles single sheets of paper as well as a typist's notebooks, cards, or large accounting statements. Its Transvue line guide allows the operator to see several lines ahead as well as underscoring the line being typed. Available in either a 16" or 25" size, it comes in six colors. When not in use it can be folded over the typewriter or tucked into the desk. 315 Fourth Avenue, New York 10, N. Y.



CAFCO Sound-Shield, a continuous blanket, machine applied, is a new, highly versatile acoustical treatment which provides exceptionally high sound absorption at all frequencies. It is incombustible, has a low thermal conductivity, is clean and easy to apply. Write for Bulletin S-10 which gives complete specifications. Columbia Acoustics and Fireproofing Co., Stanhope, N. J.

BOOKLETS

PUBLICATION of a new 80-page catalog of auxiliary equipment for data processing departments has just been announced by the Tab Products Company, 995 Market Street, San Francisco 3. The catalog, illustrated with 227 photographs, is organized for easy reference into separate sections for card filing and handling, control panel storage, and tape handling equipment. Available nationally, Catalog 10 may be obtained from local Tab representatives or by writing the head office.

FREE catalog to banks. Illustrating new bank display service, living color transparencies. Displays for window, lobby, wall, and exterior. Write for Catalog 41. Living Color Transparencies, 115 Barrow Street, New York 14, N. Y.

How to Measure Time With Tape, a new 12-page, full-color brochure on the advantages of using magnetic recording tape as a dictating medium, has just been prepared by the DeJur - Amsco Corporation. Write Dept. TWT, Business Equipment Division, 45-01 Northern Blvd., Long Island City 1, New York.

PUT Efficiency at Your Fingertips is the theme of the new Bert M. Morris catalog. This 12-page catalog lists the complete Morris line and is packed with helpful information and ideas. To obtain one, send a letter on your company letterhead to 8651 West Third Street, Los Angeles 28, Calif.

BANKING'S Effective Speaking

BANKING's Effective Speaking tells you how to organize a speech—how to make it flow—, what to talk about—how to hold the attention of your audience—how to develop confidence—and how, among other things, to avoid stage fright.

It's the briefest, most compact, complete manual on speech making we have ever seen.

YOU CAN READ IT
IN TEN MINUTES!

50¢ per
copy

- 40 PAGES
- 4½" x 6"
- ILLUSTRATED

BANKING'S Effective Speaking

WHAT SHALL I TALK ABOUT?	1
CARE AND FEEDING OF SPEECH IDEAS	6
HOW TO ORGANIZE A SPEECH	12
MAKING AN AUDIENCE SIT STILL	18
MR. CHAIRMAN, LADIES AND GENTLEMEN—	24
MAXIMS FOR PUBLIC SPEAKERS	30
AFRAID TO SPEAK	36

THE AMERICAN BANKERS ASSOCIATION



BANKING

AMERICAN BANKERS ASSOCIATION
12 EAST 36th St., NEW YORK 16, N. Y.

Produced for people in
the banking field

BANKING'S ADVERTISERS

May 1959

Abbott Coin Counter Company	124	Economic Development Committee of Tulare, California	110	Mobro Corporation	32
American Appraisal Company	14	Educational Thrift Service, Inc.	142	Mosler Safe Company	105
American Charts Company	121	El Paso Natural Gas Company	128	National Automobile Dealers Used Car Guide Company	32
American Collectors Association	118	Ely, Jr., Heman	26	National Cash Register Company	Cover 1V
American Telephone & Telegraph Company	109	Exline, Inc., William	131, 136, 142, 144	National City Bank of Cleveland	138
American Trust Company, San Francisco	135	Federal Life & Casualty Company	Cover II	National Pool Equipment Company	21
Anderson Company, Inc., The Merrill	116, 117	Financial Publishing Company	142	Newman Brothers, Inc.	148
Associated Loan Counsellors	148	First City National Bank of Houston	119	Peerless Photo Products, Inc.	27
Banco Comercial Antioqueno	142	First National Bank of Arizona	131	Peoples First National Bank & Trust Company	10
Banco De Credito Del Peru	144	First National Bank of Boston, The	34	Photostat Corporation	122
Bank Building & Equipment Corporation of America	149	First National Bank of Chicago, The	75	Pittsburgh Plate Glass Company	17
Bankers Trust Company	129	First National Bank in Dallas	10	Polk & Co., R. L.	66
BANKING	64, 65, 152	First National Bank of Minneapolis	138	Ralston Purina Company	79
Bank of California, The	126	First National City Bank of New York	106, 107	Rand McNally & Company	111
Bank of Montreal	124	First National City Bank of New York	30	Recordak Corporation (Subsidiary of Eastman Kodak Company)	58, 59
Bank of Tokyo, Limited, The	120	Fort Worth National Bank	150	Remington Rand (Division of Sperry Rand Corporation)	12, 13
Barnett National Bank of Jacksonville, The	134	Friden, Inc.	125	Republic National Bank of Dallas	87
Boatmen's National Bank of St. Louis, The	127	General Electric Company—Computer Department	19	Rohm & Haas Company	33
Brandt Automatic Cashier Company	131, 147	Gulf Oil Corporation	89	Ronald Press Company	148
Burroughs Corporation	84, 85	Habib Bank, Limited	121	School Thrift, Inc.	146
California Bank	137	Hammermill Paper Company	Cover III	Silent Glow Oil Burner Corporation	5
Canadian Bank of Commerce	141	Herring-Hall-Marvin Safe Company	81	Society National Bank of Cleveland	63
Christmas Club a Corporation	1	International Business Machines Corporation	60, 61	Standard Paper Goods Manufacturing Company	16
City National Bank & Trust Company, Chicago	145	Irving Trust Company	91	Standard & Poor's Corporation	16
City National Bank & Trust Company, Kansas City	130	Johnson Fare Box Company—Electrofile Division	108	Timely Events	138
Commerce Trust Company	115	LaMonte & Son, George	92	Union Pacific Railroad	93
Continental Casualty Company	8, 9	Lawrence Warehouse Company	23	United States Bronze Sign Company, Inc.	120
Continental Illinois National Bank and Trust Company of Chicago	28, 29	LeFebvre Corporation	143	United States Steel Corporation	15
Credit Life Insurance Company	136	Libbey-Owens-Ford Glass Company	146	United States Treasury	153
Crypto-Mat Company (Division of Nautalloy Products, Inc.)	121	Manufacturers Trust Company	112	Valley National Bank	124
Cunneen Company, The	128	Massachusetts Investors Trust	144	Venus Pen & Pencil Corporation	31
Curtis 1000 Inc.	138	Mellon National Bank & Trust Company	77	Weart, Spencer—Banking Studies	144
Cushman & Denison Manufacturing Company	26	Metal Products Engineering, Inc.	108	West Coast Sales & Service	20
Dai-Ichi Bank, Limited, The	131				
Dantowitz Company	14				
Delbridge Calculating Systems, Inc.	6				
DeLuxe Check Printers, Inc.	134				
Dick Company, A. B.	112, 113				
Diebold, Incorporated	7				



32
108
133
21
148
149
122
17
66
111
8, 59
1, 13
87
33
148
146
5
63
16
16
136
93
120
15
153
128
31
144
20
KING

“The oldest bank in the nation's capital
is happy to be a part of this important program, along with
the Treasury and the A.B.A.”

says Barnum L. Colton, president, The National Bank of Washington

“The United States Savings Bond Program is an opportunity for everyone to do his part to strengthen our economy. Our citizens throughout the country should be aware of the potential of their assistance for a sound financial struc-

ture and the protection of our way of life. Only through the purchase of Savings Bonds by the greater part of our citizens can we be sure that our nation is following a program that serves as an important weapon against inflation.”

THE U. S. GOVERNMENT DOES NOT PAY FOR THIS ADVERTISEMENT. THE TREASURY DEPARTMENT THANKS, FOR THEIR PATRIOTISM,
THE ADVERTISING COUNCIL AND THE DONOR BELOW



BANKING



The OUTLOOK and Condition of Business

(CONTINUED FROM PAGE 36)

which is little over half of the 1957 volume and only \$10,000,000 above 1958.

The segment that makes forming and shaping-type tools expects a volume of \$155,000,000 this year, compared with \$148,000,000 in 1958 and \$258,000,000 in 1957.

Business Up; Stocks So-So

Two apparent contradictions in the business picture throw interesting light on this latest "new era." A year ago, with news still on the gloomy side, stock market customers acted as though they were not reading the papers. Now, with everything that comes over the desk lively with great expectations, the stock market is showing signs of St. Vitus. Many of the calmer heads connected with it are putting themselves on record with solemn warnings, just in case.

Actually last year was one of recovery almost from the start, and the stock market accurately reflected this fact. The year was also one of rising prices and increasing fear of inflation, and the market also reflected this.

The present actions of stock prices are about as good a mirror as we can find of the uncertainty surrounding those key factors of business—spending and inflation. Both are basically political questions and will be fought out in Washington, in various spending, taxing, and labor legislation. Evidently public opinion, as expressed daily in the stock market, that great pay-as-you-vote Gallup Poll, is not sure that the issues will be resolved in a way that is favorable to business.

Business Up; Employment So-So

The other contradiction is that this recovery has not been paced by a comparable decline in unemployment. The two charts on page 35 show what the Government's statistics say is happening, although later figures report a drop of 387,000 in unemployment for March and a rise of 1,106,000 in employment.

There is a wide choice of possible reasons for the lag in employment—automation, longer hours, and others—but probably it is also a reflection of industry's reluctance to get out too far on this recovery limb until the tax and inflation outlook are a little more clear.

In addition to several favorable basic factors, like the uptrend in consumer income and buying, the inventory build-up, the construction boom, and the substantial rise in Gross National Product, here is a quick rundown of prospects in specific businesses.

Electronics. A busy year is expected. Last year about this time there was a meeting of electronics engineers and observers report they all had long faces. Same meeting this year, smiles. For one thing, as long as Russia can think up a crisis a month, there will be

no big cut-back in Government spending on electronic equipment.

Electrical Equipment. The industry started the year with hopes which have not quite materialized but, there's still time. Utilities are not expanding much at the moment. The highly promoted sales of kitchen and laundry equipment of recent years have involved the question of changing switch gear, so purchasing agents have formed the habit of buying from hand-to-mouth. Who's going to carry the burden of inventories, is the question, and the utilities and manufacturers have been arguing this for a year and a half.

Steel. To strike or not is the main question. The Russian situation might affect this—that is, a threatening situation abroad might make a strike less likely.

Users have continued to stock up, so the immediate ramifications of the stoppage would not be too serious. The fact that the industry has been able to handle the tide of orders with a labor force almost 10% less, relative to volume than in 1957, will figure in the argument. Actually the factor likely to have a dominant influence is that the whole industry's profits would not suffice to give employees the billion-dollar bundle being discussed.

Aluminum. The industry deals with the same union as steel, and their contracts expire a month after the steel pacts.

Buyers have been stocking up a bit, but there seems to be less fear, at least less talk, of a strike. On the whole, the industry expects this year to equal 1957.

Construction. In general, signs point to a good construction year. Industrial building is running behind expectations and housing is ahead. There are some indications of a pick-up in plan construction, but business seems to cling to the planning stage.

Educational building is slower than expected, possibly because of high money rates, the tight-fistedness of voters toward new programs, as well as integration troubles, consolidations of school districts, or combinations of these.

Roads are another doubtful item, depending greatly on the outcome of legislative questions, Federal and state. Many states are having a hard time with their budgets, and people are turning thumbs down on higher taxes for any purpose.

The dollar volume of new construction reached a first quarter total of about \$11-billion.

Automotive. Sales of cars, including buses and trailers, are doing better than expected so the industry feels more sure about its predictions of a 5,000,000 to 6,000,000-car year. Activity will slump in the third quarter and certainly pick up in the fourth when new and different models appear.

Aircraft. Airline revenues are rising and they seem to be making fairly satisfactory arrangements for the acquisition of jets. There is a surplus problem in that everybody, including the military, wants to dump old piston planes. Even our underdeveloped friends abroad do not want them even as gifts. They like jets better at the same price, gift-wrapped.

WILLIAM R. KUHNS

BANKING



PEOPLE BORROW WHERE THEY BANK



**AND HAMMERMILL SAFETY
CAN HELP START THEM
BANKING WITH YOU**

Every checking account customer you get is a prospect for a personal loan. One way to help attract new checking accounts is to offer checks printed on Hammermill Safety paper.

Hammermill Safety adds an extra selling feature to your checking account services because it has the name your customers know and use with confidence. Its specially sensitized surface protects you from loss, too. And Hammermill Safety costs no more. Hammermill Paper Company, Erie, Pennsylvania.

You can bank on

**HAMMERMILL
SAFETY**

National®

ANNOUNCES ALPHA-DIGIT AUTOMATION!

These four steps will provide many time- and money-saving benefits in your bookkeeping department.

The National ALPHA-DIGIT POST-TRONIC®

Machine offers many advantages of one-run electronically controlled posting . . . providing IMMEDIATE time- and money-saving benefits—reduced operating costs, reduced floor space requirements, reduced effort.

With ALPHA-DIGIT COMPARISON, the value of your customer's name remains intact. Alpha-Digit Comparison provides EQUAL FACILITY to use either the alphabetical or numerical method best suited to your bank's requirements.

IMMEDIATE additional benefits are yours when National's Automatic Ledger Feeder is attached to your Alpha-Digit POST-TRONIC Machine. This combination feeds and sorts Post-Tronic forms, accumulates totals when taking trial balances and when transferring balances at end-of-period processing. One operator can monitor several automated units, thus reducing operating costs in your bookkeeping operation.

National's new development—the ALPHA-DIGIT ADDING MACHINE with TAPE RECORDER—is the vital link leading to Alpha-Digit Automation.

After your ON US items have been proved and fine-sorted into sequential order, your operator simply lists checks and deposits, indexing for each item significant letters along with the amount.

This information . . . captured in sequential order on punched paper tape . . . is the "electronic language" medium for Alpha-Digit Automation.

This tape is then fed into the automated Alpha-Digit POST-TRONIC Tape Reader, and electronic controls are set in motion.

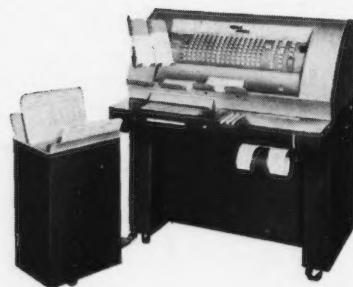
The posting of checks and deposits . . . with positive Alpha-Digit account-to-item comparison . . . is electronically controlled by National's Fully Automated Alpha-Digit POST-TRONIC Machine.

National's step-by-step program of Full Automation is ready TODAY to meet your requirements. You can obtain IMMEDIATE money-saving and other benefits now by installing the Alpha-Digit POST-TRONIC Machine . . . the nucleus for your automation program.

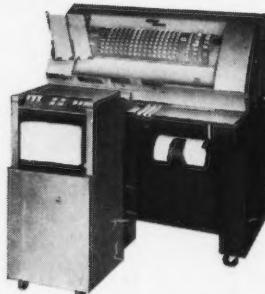
Ask your National representative to survey your bookkeeping requirements and explain National's step-by-step automation program.

THE NATIONAL CASH REGISTER COMPANY, Dayton 9, Ohio
1039 OFFICES IN 121 COUNTRIES • 75 YEARS OF HELPING BUSINESS SAVE MONEY

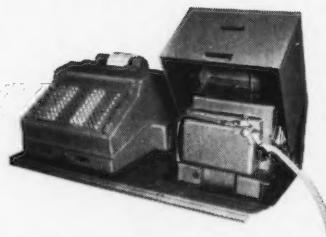
1



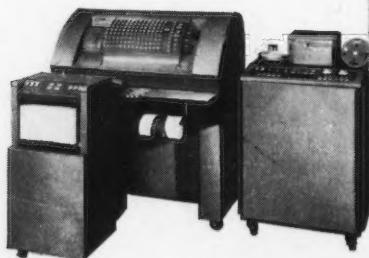
2



3



4



National

